



Buyers Guide

By David Berger



COMPASS





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A Guide To Buying in New York — with David Berger

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New York City is one of the most diverse and competitive real estate markets in the world, and I understand that making the decision to buy a home here can be a particularly overwhelming experience. From mastering the difference between condos and co-ops, to planning for closing costs, to approaching the board approval process, there's a lot to learn and I'm here to help guide you through the entire process.

This Buyer's Guide is designed to demystify the process, educate you on what to expect along the way and have you trust me in guiding you to owning a New York City home of your own.

1. FIND YOUR AGENT

Choosing the right agent is a critical first step. When we work together, you'll see my approach centers on understanding how you want to live or your investment objective, and using that understanding to guide us in identifying potential opportunities.

I have lived in New York City for over 8 years, and offer expertise in all aspects of New York real estate, from navigating complex, multi-unit residential and commercial deals for investors to helping first-time homebuyers find a condo or co-op.

I look forward to the opportunity to make your buying experience straightforward, comfortable and enjoyable.

2. GET PRE-QUALIFIED

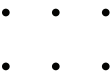
Unless you're paying in cash, you'll need to get pre-qualified for a mortgage to get the process going. If you don't have a mortgage broker lined up already, I'm happy to connect you to one. Based on your income and credit history, the mortgage broker will determine how much banks will be willing to lend you, which will help you determine the price range for your search.

3. VISIT PROPERTIES

You've chosen your agent. You've set your budget. Now it's time to formulate your strategy and put it into action. We'll start by discussing your goals, and making a wish list for your ideal home or investment: amenities, neighborhood, view, outdoor space—anything that will help you lead the life you want to lead or satisfy your investment objective. Together we'll focus your thinking, target your search...and have fun!

4. NEGOTIATE

Once you've found a home that meets your criteria, it's time to make your offer. If the offer is lower than the listed price, the seller will likely return with a counter-offer which you can choose to accept, reject, or make a counter-offer of your own. Multiple factors play into the negotiation process: Are there repairs the seller is willing to cover? Is the seller willing to pay for any of the closing costs? If there are multiple bids, it may take something extra to win the seller over, such as a personal letter. As a Certified Negotiation Expert, I am uniquely equipped to guide you through every aspect of this process. Once an offer is accepted, it usually takes an average of 60–120 days to complete the closing process.





5. ATTORNEY REVIEW

If you don't already have an attorney who is familiar with New York City real estate transactions, I can provide you with some recommendations of best in class real estate attorneys. Your attorney will analyze the contract of sale, building financials, board minutes and other documents required to make the transaction a reality.

6. CONTRACT & DEPOSIT

Once your attorney has reviewed your paperwork, you're ready to make an escrow deposit and sign your contract to buy.

7. COMPLETE LOAN

We'll organize an appraisal with your lender, and complete the paperwork needed to secure the home loan.

8. PREPARE YOUR BOARD PACKAGE

(If you are purchasing a condo or house, skip 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 tax returns, bank statements, a mortgage commitment from your bank and professional and personal letters of reference. After reviewing your package, the board will set an interview date. I work with you to prepare a flawless board package, and give you the tools you need to ace your interview. Condominiums do not generally require board packages or interviews, but you will need to present a purchase application showing that you are financially qualified to purchase the property.

9. BOARD APPROVES THE PURCHASE

10. BANK ISSUES CLEARANCE TO

11. CLOSING SCHEDULED BY ATTORNEYS

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12. FINAL WALK-THROUGH WITH YOUR AGENT

Congratulations! You are now a New York homeowner. It’s a truly impressive achievement, and one to be proud of. Best of all its a great investment which will appreciate over time.

Co-Op? Condo? Cond-Op? Townhouse?

A guide to understanding the different types of New York City properties.

CONDOMINIUM

Unlike a co-op, a condominium apartment is real property, and a purchaser is given a deed as if they were buying a house. The difference between owning a condo and a house is that in addition to owning the apartment, you also own a small percentage of the common elements of the building such as the halls, stairwells, basement, etc.

Each individual apartment in a condominium receives a separate tax bill from the city. There is still a monthly common charge similar to the maintenance charges in a co-op, which is paid to the condominium association to pay for such items as payroll, building maintenance and supplies, management fees, and building repairs. These charges do not

TOWNHOUSE

Owning a townhouse provides owners with a “fee simple” ownership of real property. There are single-family and multi-family townhouses which can be lived in or rented out at will. In either case, the owner is responsible for payment of all real estate taxes, maintenance and repairs of the property. The sale of the property may be conveyed to any party without prior approval by anyone other than the homeowner.

include your real estate taxes and are not tax-deductible. They also tend to be lower than in co-ops because there is no underlying mortgage for a condominium building.

The straightforward nature of buying a condo, and the fact that in some cases you can finance up to 90% of the purchase price and sublet your apartment at will, makes condominium ownership a top choice for flexibility, especially among investors, foreign buyers and parents purchasing for their children.



COOPERATIVE (CO-OP)

In Manhattan, cooperatives have been the traditional way to own an upscale apartment for nearly a century, and comprise two thirds of all apartments available for purchase. Co-ops are owned by an apartment corporation. When you purchase an apartment in a co-op building, you are buying shares of the corporation that entitle you as a shareholder to a "proprietary lease." Typically the larger your apartment, the more shares of the corporation you own.

Co-op shareholders pay a monthly maintenance fee to cover building expenses like heat, hot water, insurance, staff salaries, real estate taxes and the mortgage debt of the building. Portions of the fee are tax deductible and shareholders can deduct their portion of the building's real estate taxes.

Approval to purchase shares of a co-op must be granted by a board of directors, who also have the authority to determine how much purchase

price may be financed and minimum cash requirements. All prospective purchasers must submit a "board package" containing a purchase application, personal and professional letters of recommendation plus detailed information on income and the board will also require an interview so they can meet you and ask questions regarding the information you provided. They can approve or deny any applicant without stating a reason.

Purchasing a co-op can be an intricate process, and subletting can be challenging. Each co-op has its own rules and should be considered carefully. Before you sign a contract, we will work together to ensure that you are fully informed in all areas of your chosen co-op's rules and requirements.

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Co-Op vs. Condo

Lower price versus greater flexibility - a guide to making the choice that's right for you.

	Co-Op/Cond-Op	Condo
Cost	Typically less expensive.	Typically more expensive.
Supply	75% of NYC's housing. Generally built before 1980's.	25% of NYC's housing. Generally built post-1980's.
Culture	Most units are owner-occupied. More controlled and stable.	Mix of owners and renters. More relaxed.
Approval Process	Very strict and thorough. Board package and personal interview	Less rigorous—no interview.
Ownership Type	Indirect. Stock certificate and lease.	Direct. Buyer owns real property.
Monthly Payments	Maintenance fees. Amount includes taxes.	Common-area charges. Taxes paid separately.
Tax Benefits	Some tax deductions can be taken for owner's share.	Some tax abatement programs keep taxes low for about 10 years.
Renting Out Your Unit	Limited, if allowed at all.	Easy and unrestricted.
Re-Selling	New buyer must be approved. Seller often pays "flip tax".	New buyer can rarely be denied.
Investor Friendly	Rarely.	Yes.

Key Terms

Real estate has a language of its own. This glossary should help decipher some of the terms you'll hear in the home buying process.

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.

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

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: PURCHASER’S CLOSING COSTS

- Cooperative Application Fee \$500 - \$1000
- Judgment and Lien Search \$350
- Recognition Agreement Fee \$250 - \$350

Maintenance Adjustment Pro-rated for the month of closing

BANK FEES (ONLY APPLICABLE IF PURCHASER IS OBTAINING A LOAN)

- Bank Attorney fee Judgment and Lien Search \$900- \$1,250
- UCC-1 Filing fee \$75- \$125

Includes items such as discount points, appraisal fee, origination fee, credit report fee, document preparation fee, courier fee, application fee
Variable depending on lender and loan

GENERAL

- Move-In Deposit (refundable) \$500- \$1,000
- Move-In Fee (non-refundable) \$250- \$1,000
- Purchase Application Fee \$500- \$1,000
- Mansion Tax 1% OF PURCHASE PRICE IF \$1,000,000 OR MORE
- Purchaser’s Attorney Fee \$2,500 - \$3,500

NEW CONTSTUCTION

- Sponsor Attorney’s Fee \$2,500- \$3,500
- Working Capital Fund Contribution 2 MONTHS OF MAINTENANCE
- Sponsor’s NYC and NYS Transfer Taxes *CALCULATED BY ATTORNEY

*Transfer Taxes are calculated and added to the purchase price (to arrive at the tax) and then recalculatedbased upon the grossed-up price (may trigger Mansion Tax)

CONDOMINIUM AND TOWNHOUSE: PURCHASER’S CLOSING COSTS

• Title Insurance - Owner’s policy	APPROX. \$4 PER \$1,000 OF INSURANCE
• Title Insurance - Mortgage	ONLY APPLICABLE IF FINANCING
• RE Tax and Common Charge Adjustment	VARIES. PRO-RATED FOR THE MONTH OF CLOSING
• NYS Mortgage Recording Tax	\$1.80% IF LESS THAN \$500,000 1.925% IF GREATER THAN \$500,000

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NEW CONSTRUCTION

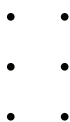
• Sponsor Attorney’s Fee	\$2,500 - \$3,500
• Working Capital Fund Contribution	1-2 MONTHS OF COMMON CHARGES
• Sponsor’s NYC and NYS Transfer Taxes	*CALCULATED BY ATTORNEY

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About David

As Founder and Owner of David Berger Homes, David offers his extensive real estate knowledge and robust experience as one of Compass's leading agents. Well known in the industry for his professionalism, loyalty and dedication to his clients, David has built a solid reputation for putting his clients' goals first while bringing a highly personalized approach to each transaction. A proactive individual and professional, David brings his expertise and passion to service the constantly growing and changing New York City and Miami markets.



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