

Your Guide to
Buying
a Home



**Brown
Harris
Stevens**



Why Buy?

Want to take a bite out of the Big Apple? There are many reasons to consider homeownership over renting:

- **Property Appreciation** Historically, NYC has seen property values rise over time. Buying is a great way to let your money work for you.
- **Tax Write Offs** Enjoy the ability to write off a portion of your monthly costs. As a primary or secondary residence, the interest payments of your loan (up to \$750,000 of loan value), as well as the real estate tax that is apportioned to your apartment/home, may be able to be deducted to a limit. Please consult with your accountant about your eligibility.
- **Build Equity** As your property appreciates in value, you can use the equity you build to “trade up” to purchase a larger home, or simply amass greater savings.
- **Capital Improvements** Unlike a rental property, as you invest in the cosmetic or structural improvement of your home, it is directly correlated to increasing the value of the home itself.
- **Capital Gains** Primary Residence Exclusion If you purchase a primary residence and live there for more than 2 years, you can exclude up to \$250,000 in capital gain from tax if you are single, and up to \$500,000 for a couple.
- **1031 Exchange** A 1031 Exchange allows you to sell an investment property and reinvest in a like-kind replacement property within a period of time in order to defer taxes on recognition of capital gains and related federal income tax liability.

All information is from sources deemed reliable but is subject to errors, omissions, changes in market, laws, price, prior sale or withdrawal without notice. No representation is made as to the accuracy of any description or estimates or that any financial projections can be achieved. Actual results are subject to changes in market conditions, tax and interest rates and other factors. All measurements and square footages are approximate and all information should be confirmed by customer. Customers should consult with their professional advisors for tax and financial specifics.

Step-by-Step Guide to Buying a Home

1. Create a Wish List Speak with your Brown Harris Stevens Agent about what you desire and require of a home and neighborhood. Defining the price range, size of apartment, and building amenities will give your agent a good starting place for your search. Flexibility in any of these areas will broaden your options.

2. Select a Winning Team It is not only important to work with a Real Estate Agent whom you like and trust, but to select a full team of skilled professionals, including a New York City-based Real Estate Attorney and Mortgage Broker/Banker, who can help facilitate the process. Purchasing in New York City is highly specialized, so it is important to work with experts who can guide you through the intricacies.

3. Consult About Financing Whether working with a Mortgage Broker or Financial Institution directly, one of the most important steps in the purchase process is to meet with a professional to assess your finances and determine what you can afford and whether you should finance your purchase.

4. Fully Disclose Your Financials Your agent will best guide you through this process once he or she is aware of your financial situation, specifically, your down payment, liquid assets after closing, debt and overall income. This will assist them in finding the best home to fit your parameters and help you spend your time as wisely as possible.

5. Plan Your Search Your Brown Harris Stevens Agent has access to all available listings in New York City transmitted by the Real Estate Board of New York (REBNY) as well as other listings. Ask them to send you potential listings prior to making appointments and going to open houses. There is no need to seek the assistance of multiple agents as all members of REBNY have access to the same listings.

6. Hit the Ground Running The best times to view properties are weekdays from 10am to 7pm, and on Sunday, when you can cover a lot of ground by visiting Open Houses scheduled throughout the day.

7. Make an Offer You've found it! The next step is to discuss submitting an offer through your agent. An offer includes your preferences such as price, closing date and included/excluded personal property (light fixtures, etc.), as well as your qualifications as a buyer (i.e, current income, job description, net worth and debt status).

Please note: Protect yourself against wire fraud. Before making any wire transfer, always call the receiving party to confirm the wire details.





Step-by-Step Guide to Buying a Home (cont.)

8. Due Diligence Once the seller accepts your offer, the seller's attorney supplies your attorney with a Contract of Sale. In addition to the review of the language of the contract, your attorney will review the necessary/pertinent Condo/Co-op documents such as the Offering Plan, Building Financials, and Board Meeting Minutes. For a Townhouse, your attorney will review City documents.

9. Sign a Contract Upon satisfactory due diligence, you should be ready to sign your contract. Unlike most states, in New York no monies are due until you are ready to sign, when a 10% earnest deposit is usually due and held in escrow until closing. It is very important to note that until both parties sign a contract and it is delivered to the seller or seller's attorney, a seller can accept another purchaser's offer.

10. Apply for a Mortgage Upon signing your contract, immediately contact your mortgage broker/banker to help move the process along quickly. The loan process may take up to 45 days to complete and hinges on your ability to provide all the required financial documents to your broker/banker.

11. Complete Your Board Package While applying for your mortgage, your Brown Harris Stevens Agent will assist you with completion of the Condo or Co-op board package. Your completed package must be returned to your agent within the time specified in your contract or 3 days from the date a bank commitment letter is received, whichever applies.

12. Ace the Board Interview If you are purchasing a co-op, meet with your Brown Harris Stevens Agent beforehand to prepare. The Board's decision is customarily made known within 72 hours; however, some Boards may take longer. Upon board approval, notify your attorney who in turn will coordinate the closing date. This can take up to 2 weeks to schedule.

13. Inspect the Premises The day before or the morning of the closing, your Agent will accompany you to inspect the property. Make certain to check appliances, plumbing, and personal property has been removed and that the premises are in broom swept condition.

14. Close the Deal Within a few days of your closing date, your attorney will advise you on what certified monies to bring to the closing. Also be sure to bring your driver's license or passport, and a checkbook.

Congratulations You're a homeowner!

Please note: Protect yourself against wire fraud. Before making any wire transfer, always call the receiving party to confirm the wire details.

Comparing Condos, Co-ops and Townhouses

	Condo	Co-op	Townhouse
Ownership Type	Deed/Title	Stock Certificate	Deed/Title
Required Monthly Costs	Common Charges, RE Taxes, Homeowners Insurance	Maintenance, Homeowners Insurance	RE Taxes, Homeowners Insurance, Water/Sewer, Heat/Hot Water
Financial Requirements	Funds to Close	Debt to Income Requirements, Post-Closing Liquidity	Subject to Bank Approval
Due Diligence	Offering Plan, Building Financials, Meeting Minutes, Management Questionnaire	Offering Plan, Building Financials, Meeting Minutes, Management Questionnaire	Inspection of Mechanicals, Roof, Electric, Property and Land
Approval Process	Purchase Application	Board Package and Interview	Property Inspection and Bank Approval (if applicable)
Renting Out/Subletting	At Owner's will, subject to technical approval	Subject to Board Approval and might have a time limit and board interview required	At Owner's will but subject to what certificate of occupancy allows
Approx Closing Time Frame	2-3 Months from Contract Signing	3-4 Months from Contract Signing	1-2 months, depending on financing and seller time frame
Potential Additional Costs	Capital Contribution	Flip Tax	Inspection and Survey
Closing Costs	Ranges from 3-7% of purchase price	Substantially less than that of Real Property	Ranges from 3-7% of purchase price





Types of Ownership

Cooperative

Cooperatives, or co-ops, comprise a significant portion of New York City's real estate market. When purchasing a cooperative apartment, one purchases shares of stock in a corporation that owns the building and usually the land beneath. 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 fees cover the operating costs of the building such as 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 duties are to conduct the business of the corporation and oversee the management company of the building, is elected from among the shareholders. Typically, the Board or an interview committee 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, depending on the building, there may be an allowance for subletting. A prospective lessor is required to submit a formal application and personally interview with the Board for its approval. Duration varies from building to building, so be sure to ask your agent to confirm.

Types of Ownership

Condominium

The ownership of a condominium apartment is similar to the ownership of real property. 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 their individual units. Real estate taxes may be 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, as well as repair and improve the building.

Condominium transactions include a "right of first refusal" by the Board within 20-30 from receipt of a completed application.



Types of Ownership



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 or house receives “fee simple” ownership of real property. The owner is responsible for payment of real estate taxes and common charges such as but not limited to water, electric, gas, as well as insurance. The owner is also solely responsible for approving the sale or lease of the property. When owning your home, all equipment, repairs and upkeep such as roof, heating/cooling, windows, outdoor structures, hot water, electrical systems, video monitor and anti-theft systems are maintained by the homeowner, unless a property manager is hired. In addition to single family townhomes, some properties are designated as multi-dwelling (i.e., 2-4 family) homes. Check with your attorney about the possibility of increasing or decreasing such designations. Keep in mind that homes which are larger than 4-family are considered a commercial purchase.



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 either doorman or non-doorman.

Post-War Buildings are generally larger than Pre-War, and were built between the 1950's and 1970's. Most will have doormen. Found on most city blocks, they tend to be constructed of white, red or brown brick.

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 & 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 details such as wood moldings, fireplaces and outdoor space. They rarely have 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.

Studios are one or two rooms that combine a living room and sleeping area. The kitchen may be within the same room or separate. An 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) apartments have either an alcove that can be “walled off” to create an additional bedroom, or when the living room is large enough to split, to make an additional bedroom while still retaining some of the living room space.

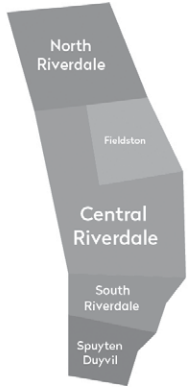
Junior 4 is a 1-bedroom with an alcove converted to a 2-bedroom.

Duplex or Triplex apartments consist of 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.



Area Map



Riverdale



Manhattan



Queens



New Jersey



Brooklyn

Estimated Purchaser Closing Costs

New York City – All Residential Property Purchases

Purchaser's Attorney:	\$2,500+	
Bank Attorney:	\$850-\$1,750	
Bank Application Fee/Underwriting:	\$750-\$1,250	
Appraisal:	\$400-\$1,500	
UCC-1 Filing Fee:	\$75-\$100 (if applicable)	
Homeowner's Policy Required by Lender:	Costs will vary depending on coverage selected by borrower/purchaser. Check with insurance agent	
New York State Mansion Tax for NYC	Price	Rate
	\$1,000,000-\$1,999,999	1.00%
	\$2,000,000-\$2,999,999	1.25%
	\$3,000,000-\$4,999,999	1.50%
	\$5,000,000-\$9,999,999	2.25%
	\$10,000,000-\$14,999,999	3.25%
	\$15,000,000 - \$19,999,999	3.50%
	\$20,000,000 - \$24,999,999	3.75%
	\$25,000,000 or more	3.90%
Credit Report Fee:	\$50-\$100+/applicant	

Cooperative Apartment Purchases – Additional Costs

Lien Search and Judgment:	\$350
Recognition Agreement Review:	\$250+
Purchase Application*:	\$500 +/-
Maintenance Adjustment:	Purchaser reimburses seller for any prepaid maintenance
Move-in Deposit (refundable)*:	\$500-\$1,000
Move-in Fee (non-refundable)*:	\$250-\$750

Condominium Apartment Purchases – Additional Costs

Purchase Application:	\$500-\$1,000
Title Insurance:	Approximately \$4 per \$1,000 of purchase price
Mortgage Title Insurance:	Approximately \$1 per \$1,000 of loan amount
Title and Municipal Search:	\$350-\$500
Title Endorsements:	\$75-\$150
E-Tax Filing (Acris):	\$100
Deed Recording Fees:	\$250-\$750
Mortgage Recording Fee:	Mortgage less than \$500,000 = 1.80% of mortgage amount (minus \$30 for 1 or 2 family dwellings) Mortgage \$500,000 and over = 1.925% of mortgage amount
Common Charge Adjustment:	Purchaser reimburses seller for any prepaid common charges
Move-in Deposit (refundable)*:	\$500-\$1,000
Move-in Fee (non-refundable)*:	\$250-\$750
Real Estate Tax Adjustment	Purchaser reimburses seller for any pre-paid real estate tax

Townhouse & House Purchases Only

Title Insurance:	Approximately \$4 per \$1,000 of purchase price
Mortgage Title Insurance:	Approximately \$1 per \$1,000 of loan amount
Title and Municipal Search:	\$350-\$500
Title Endorsements:	\$75-\$150
Deed Recording Fee:	\$250-\$750
Mortgage Recording Fee:	If applicable: Mortgage less than \$500,000 = 1.80% of mortgage amount (minus \$30 for 1 or 2 family dwellings) Mortgage greater than \$500,000 on 1-3 family residential dwelling = 1.925% of mortgage amount (minus \$30 for 1 or 2 family dwellings)
Real Estate Tax Adjustment	Purchaser reimburses seller for any pre-paid real estate tax

Sponsor Sales (New Development & Conversion) – Additional Sample Closing Costs Typically Paid By Purchaser

Sponsor's Attorney Fees:	\$2,500+	
Sponsor's NYC Transfer Tax**:	Residential (1-3 Family House, Individual Condo or Co-op Unit): \$500,000 or less = 1% of purchase price Greater than \$500,000 = 1.425% of purchase price All Other Transfers: \$500,000 or less = 1.425% of purchase price Greater than \$500,000 = 2.625% of purchase price	
Sponsor's New York State Transfer Tax**:	Price	Transfer Tax
	\$2,999,999 and less	0.40%
	\$3,000,000 or more	0.65%
Resident Manager (Super)'s Unit:	If applicable, calculated based on Purchaser's percentage of common interest in the building	
Working Capital Fund Contribution:	One-time fee of approximately 1 to 2 months of common charges	

*Check with the managing agent of the co-op/condominium to determine specific fees.

**The transfer taxes are calculated and added to the purchase price (for tax purposes only) and then recalculated based on the higher price (may trigger Mansion Tax). These may be negotiable.

All costs are estimated, and will vary based on transaction details, changes in rates and taxes, and other factors. No representation is made as to the accuracy of these estimates. Parties to transaction must consult their own counsel and refer to transaction details for verification of all costs.

Thank
You

Brown Harris Stevens