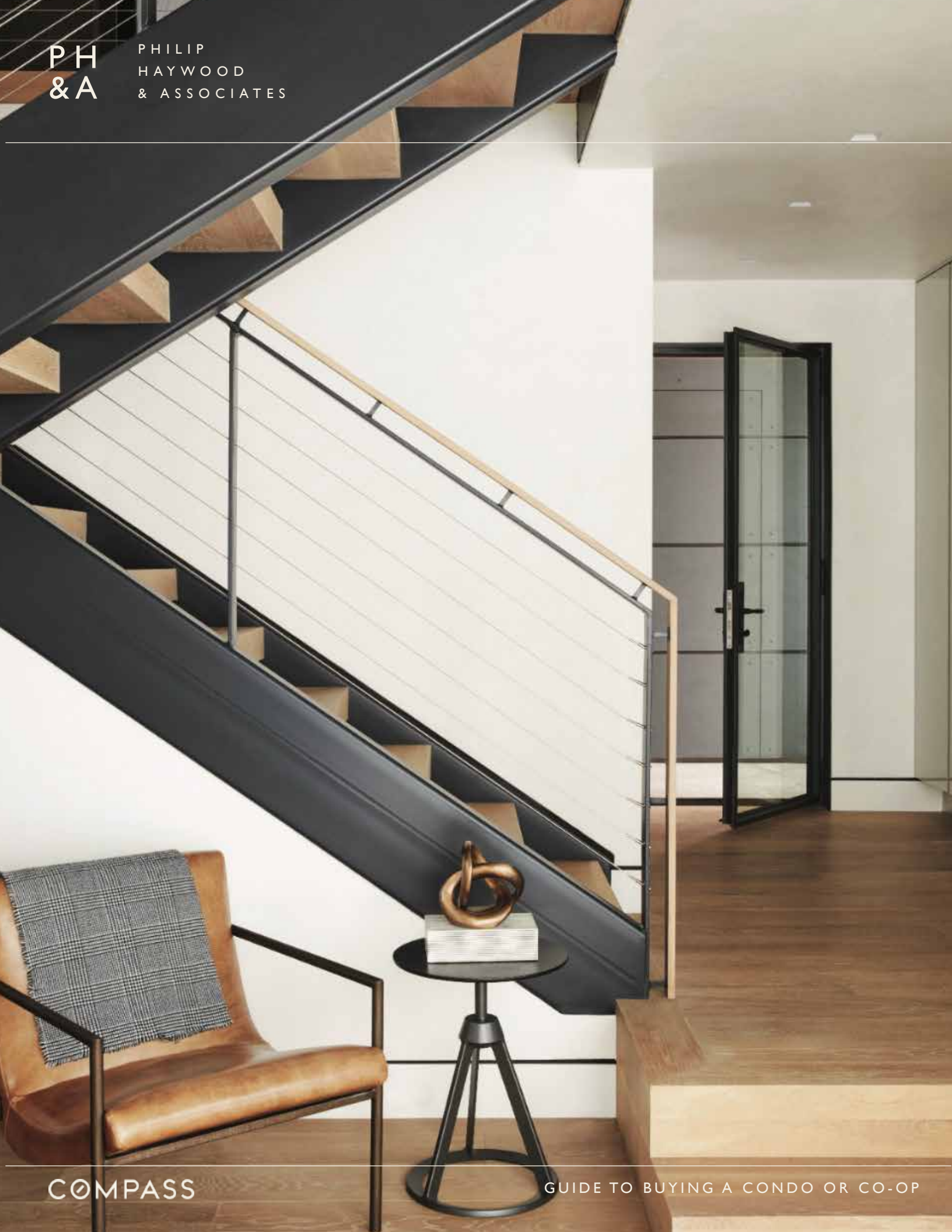


PH
&A

PHILIP
HAYWOOD
& ASSOCIATES



KEY TERMS

APPRAISAL

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

COMMON CHARGES

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

MAINTENANCE FEE

Fees paid by co-op shareholders that contribute to building operations and real estate taxes.

CONTRACT DEPOSIT

A percentage of the agreed-upon purchase price paid by the buyer at the time of signing the contract. Typically 10% of the purchase price.

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 or buyer when a sale is made. They are designed to generate funds for the co-op's cash reserve.

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 a tax or pay a lower tax 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.

- 01 LOAN OR CASH PRE-APPROVAL**
Before beginning your search, decide whether you will be paying in cash for the property or getting pre-approved for a mortgage. Philip can connect you with a mortgage professional who can assess your income and credit history and determine your purchasing power and borrowing rate.
- 02 DETERMINE PARAMETERS**
Identify your needs and wants for the purchase, including any deal breakers, and share these with Philip.
- 03 PROPERTY VIEWINGS**
Attend private viewings and open houses to evaluate properties that fit your criteria.
- 04 MAKE AN OFFER AND NEGOTIATE**
Once you find a suitable property, Philip will guide you in negotiating a price and terms with the seller. You will need to provide a pre-approval letter or proof of funds, along with a standard financial form.
- 05 REVIEW AND SIGN CONTRACT**
After an offer is accepted, work with an attorney specializing in NYC co-op and condo sales to review the contract of sale, building financials, and board minutes. Sign the contract and provide a 10% deposit to take the property off the market.



06 LOAN APPLICATION AND BOARD PACKAGE

If financing, the bank will finalize the loan application and arrange for a property appraisal. Co-ops and condos require a board package consisting of financial documents, reference letters, and a board interview may be required. Philip will help prepare you for the process.

07 BOARD APPROVAL AND CLOSING

Upon approval from the bank and management company, set a closing date.

08 FINAL WALKTHROUGH

Visit the property with Philip to ensure everything is as agreed upon in the contract.

09 CLOSING

Attend the closing with representatives from the bank, management company, title representative, and both buyer and seller's attorney. Keys will be handed over after checks and documents are exchanged.

THE PROPERTY IS NOW YOURS. ■



CO-OPS

CLOSING COSTS ESTIMATES - Buyer

	FEE	ESTIMATED COST
Attorney	Your Attorney	Consult your attorney ~\$2,500 - \$5,000
	Lien Search Fee	~\$350
Bank	Points	~0 - 3% of the loan value
	Bank Application, Credit Check, etc	\$400 - \$600
	Bank Attorney	\$900 - \$1,500
	Mortgage Origination Rate	~0 - 3% of the loan value
	UCC 1 Filing	\$125
	Appraisal	~\$300 - \$1,500 1.925% of mortgage amount > \$500,000+
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 during the month of closing
	Recognition Agreement Fee	\$200 - \$300
	Miscellaneous Co-op Charges	Varies by building. Consult the co-op'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% \$25M or more: 3.90%

*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

CONDO

CLOSING COSTS ESTIMATES - Buyer

	FEE	ESTIMATED COST
Attorney	Your Attorney	Consult your attorney ~\$2,500 - \$5,000+
Bank	Points	~0 - 3% of the 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 Fee	\$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
	Recognition Agreement Fee	\$200 - \$300
	Miscellaneous Co-op Charges	Varies by building. Consult the co-op'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% \$25M or more: 3.90%

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CO-OP VS CONDO COMPARISON

	CO-OP	CONDO
Cost	More Affordable	Typically more expensive
Supply	75% of NYC's housing; Built before 1980s	25% of NYC's housing; Built after 1980s
Culture	Most units are owner occupied; More controlled and stable	Mix of owners and renters; More laid back
Approval Process	Very strict and thorough; Personal interview required	Less rigorous—no interview; Quicker to approve
Ownership Type	Indirect; Stock certificate & Lease	Direct. Buyer owns real property
Monthly Payments	“Maintenance” Amount includes taxes	“Common Charges” Taxes paid separately“
Tax Benefits	Some tax deductions can be taken for owner's share	Tax abatements 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 must pay Flip Tax	New buyer can rarely be denied
Investor Friendly	Rarely	Yes

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