



GREAT JONES REALTY GUIDE TO NEW YORK CITY REAL ESTATE

Thank you for downloading our guide to New York City Real Estate. We hope that you find the information contained in this document informative and helpful. We know that this information can be overwhelming. Know that Great Jones Realty is here to serve you. Please do not hesitate to email us at info@greatjonesrealty.com or call us at 212.426.7261 if we are able to assist with your Real Estate needs.

Table of Contents:

I. Our Approach.....	pages 2 - 3
a. Buying an Apartment	
b. Selling an Apartment	
c. Commercial / Retail	
d. Renting an Apartment	
II. Renting an Apartment.....	pages 4 - 5
a. Require Documentation	
b. Financial Guidelines	
c. Guarantors	
d. International	
e. Board Approvals	
III. Buying an Apartment.....	pages 6 - 8
a. Condominium Apartments	
b. Cooperative Apartments	
c. Townhouses and Brownstones	
d. Financing	
IV. Closing Costs.....	pages 9 - 11
a. Condo Closing Costs – Seller	
b. Condo Closing Costs – Buyer	
c. Co-op Closing Costs – Seller	
d. Co-op Closing Costs – Buyer	
V. Glossary.....	pages 11 - 16

Our Approach

Buying an Apartment

Great Jones Realty takes the "overwhelm" out of searching for an apartment in New York, especially for first time buyers or those relocating.

You may wonder why you should use a broker when it seems that all the possible listings are on the web or the New York Times?

At Great Jones Realty, we spend the time and energy searching through listings to get the details about a property, it's our full-time job. We also have access to many listings which are not advertised as well as having great familiarity with buildings and neighborhoods.

Even if you don't choose to use a broker in your search, you usually wind up working with the seller's broker since most NYC listings are sales exclusives held by brokers. It doesn't cost you any more to use us, but it could save you a lot! Before you start your search, there are three definitions regarding property types that you'll want to understand: cooperatives, condominiums and townhouses/brownstones.

Selling an Apartment

Great Jones Realty will conduct an intensive market analysis of comparables when deciding the best price to market your property. We will review this with you and discuss options to ensure that you are comfortable with our strategy. Depending on your goals, we have multiple approaches to selling your property.

When representing a seller most people assume that they should list their property with a larger company to maximize their exposure. While a larger company's website may be more frequented, it does not guarantee that your property is made top priority. In fact, it may not be given the attention it deserves. Great Jones Realty has a large database of contacts, compiled over the years, which your property is sent to on a bi-weekly basis. In addition, in today's market, all companies co-broke their listings. In other words, once we sign an exclusive agreement to sell your property, we immediately send it to every other real estate firm through the broad based co-broking system which gives your property access to thousands of brokers. Your property is also advertised on the New York Times real estate website, providing our weekly open house schedule.

Commercial/Retail

Great Jones Realty has negotiated numerous commercial and retail transactions where we have represented either the owner or the tenant. When searching for commercial space or listing one, we rely on our vast network of building owners and CoSTAR (an online commercial real estate resource used within the industry). Our astute listening skills and focused one-on-one approach enable us to provide you with a space that best suits your company's needs based on your budget, neighborhood location and accessibility. By managing every phase of the process, Great Jones Realty works seamlessly to negotiate favorable lease terms and finalize transactions in a timely manner.

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Our approach to owner representation is based on extensive knowledge of retail real estate and the strategies that most effectively enhance property values. We work with owners and developers to reposition and market their real estate assets to attract the most desirable tenants. We understand the operational and financial issues facing owners and developers today, so by identifying creditworthy tenants, we are effective in negotiating leases and closing deals in a timely manner.

Great Jones Realty bases its approach to retail tenant representation on our understanding that each retailer is unique and has special requirements. We are aware that a store's location and position can significantly influence performance and success. We evaluate local markets, trends and demographics to identify the best options for your company.

Renting an Apartment

Great Jones Realty will guide you through the process of finding your ideal apartment by using our contacts and searching the available apartment listings which fit your criteria. Prior to starting your search, we provide an information checklist that will expedite the process of securing the apartment you want.

Renting an Apartment

Required Documentation

Proof of income:

- Employer verification letter - Make sure it is on company letterhead, signed by supervisor stating the following:
 - Position
 - Length of employment
 - Total compensation
- Two (2) recent pay stubs
- First two (2) pages of last year's tax returns
- Most recent bank and investment statements if any
- Copy of driver's license, passport or other legal identification
- Names, phone numbers and addresses of the following for the apartment application:
 - Employer
 - Banker
 - Accountant
 - Prior landlord
 - Guarantor (if required)

Money Required:

- First month's rent
- Security deposit (usually equivalent to 1 - 2 months rent)
- Application fees (\$50 - \$350)
- Criminal and Credit Check Fee (\$50 - \$150)
- Brokerage fee, if applicable. (15% of the annual rent)

Rent, security and the broker's fee are generally due in the form of certified checks at lease signing.

Financial Guidelines

Most landlords require that you make 40 times the amount of monthly rent. For example if your rent were \$3500/month, your salary would need to be \$140,000/year in order to rent the apartment by yourself. Outstanding loans, assets liquidation, credit and rent history are also taken into consideration. If you do not meet this criterion, a guarantor may be required.

Guarantors

If you do not meet the financial requirements of the landlord, you may be required to have a lease guarantor. The guarantor must be financially able and qualified to pay your rent as well as comfortably carry his financial responsibilities in case you default on the lease (generally 80 times one month's rent).

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Many landlords require a tri-state (New York, New Jersey and Connecticut) guarantor and prefer a relative. If you are being relocated by your company and need a guarantor, you should check with Human Resources to see if the company is willing to provide one.

International

If you are a first time renter in New York and do not have a credit history in the United States, landlords might require an extra security deposit, a guarantor or rent paid up front. Procedures and requirements may vary from one building to another, so you may want to use a broker in order to guide you through this process.

Board Approvals

If you are subleasing a co-op or leasing a condominium, board approval will be required. Condominiums are very easy and almost never reject renters. Co-ops are stricter and may require a personal interview. Some co-op boards may only meet once a month or even once every 2 months.

Buying an Apartment

Condominium Apartments

In a condominium, a purchaser owns the apartment plus a percentage of the common areas of the building. The purchaser takes title by deed, which is recorded in the county clerk's office. If you intend to obtain a loan to purchase the apartment, you will sign a mortgage, which will be recorded in the county clerk's office. In a condominium there is an association that you belong to once you purchase the apartment. The association provides services such as general maintenance to the common areas in exchange for a monthly fee. Because it is real property you will pay your property taxes separately or inclusive with your mortgage payments.

In the case of condominiums it is common to finance as much as 90% of the total cost of the property. However, in this changing market, some banks are now only lending 80% of the total cost of the property.

Advantages

- Easier approval process
- Own actual real estate giving you more rights to it, i.e. you can transfer deed to family members, sublet or re-sell easier, etc.
- More control over building maintenance and development issues
- Lower monthly common charges

Disadvantages

- Typically higher purchasing price on per sq. ft. basis
- More legal responsibilities for the entire living facility

Cooperative Apartments

A co-op is a corporation composed of the tenant shareholders of the building. Each tenant shareholder owns a number of shares in the corporation associated with his or her apartment rather than owning the apartment itself and holds a proprietary lease to their apartment. The monthly maintenance charges would include common charges, real estate taxes and interest on the underlying mortgage (if any). In a co-op, the building and its tenants are subject to rules and regulations set forth in the by-laws of the corporation. If an owner would like to sublease his apartment or perform any alterations or renovations to it, he must get permission from the Board of Directors elected by the tenants in the building.

In terms of financial requirements, most co-ops require a 20% down payment but can require more depending on the building. Additionally, you will need to submit a board application that includes your financial information and be interviewed by the board as a part of the approval process. Thus, as a very general rule of thumb, in order to purchase a co-op, most co-op boards will require that you have liquid assets of at least one-third of the purchase price, irrespective of the amount for which you may be pre-qualified for a mortgage. So, if you are considering purchasing a \$1,000,000 co-op, you should have at least \$350,000 in liquid assets and be prepared to put down \$200,000 in cash. Most boards

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will not consider buyers that just barely meet the building's financing requirements and whose liquid assets will be virtually depleted after the closing. Though there are co-ops that are less stringent, the majority are entirely non-flexible in this respect.

Advantages

- Typically lower purchasing price on per sq. ft. basis
- Less legal and financial responsibility for building maintenance and development
- Generally higher tax deductibles

Disdvantages

- More complicated approval processes
- Generally higher monthly maintenance fees
- There may be re-sell and subleasing restrictions
- Less flexibility with apartment construction and renovation

Townhouses and Brownstones

Townhouses and Brownstones are freestanding 2-5 story buildings often constructed before the war. Brownstones are more elegant, featuring elaborate decorative facades and many other architectural details inside. Townhouses tend to be plainer with somewhat smaller living spaces (although be careful as the terms are often used interchangeably). These types of buildings are traditionally occupied by families who prefer the more private living environment. The actual buildings can vary from narrow and low-rise two unit row houses to large and elaborate brownstones that if not divided into units can have a living area of up to 10,000 sq. ft. Similarly the prices of these types of buildings differ dramatically depending on location, size, condition as well as their legal status.

Advantages

- Comfort and privacy of your own home
- No approval process
- Larger living spaces / usually multi-level
- Total control over maintenance and improvement issues
- Easier to re-sell or transfer deeds than condos or co-ops

Disdvantages

- Significantly higher purchasing price on per sq. ft. basis
- Higher monthly living costs, i.e., utilities, taxes, etc.
- More legal and financial responsibilities and obligations i.e., zoning codes, taxes, higher mortgages
- Maintenance related issues

Financing

Before you visit any apartments, unless you intend to pay all cash, it is important that you are pre-qualified with a mortgage lender that regularly lends in New York City. Please note that because New York is such a unique market (primarily because of the prevalence of co-ops), many of the large national mortgage lenders are not active in New York. There are several reasons why it is important that you are pre-qualified:

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You will have a better understanding of the actual price range that you will be able to afford, thereby allowing you to focus your search. Often, buyers can actually afford more than they initially believe and therefore they waste time looking at apartments that do not actually meet their criteria;

Due to the competitive nature of the market, when you make an offer and if it is backed up with a pre-qualification from a recognized mortgage lender, the offer will then be much stronger than others from buyers who are not pre-qualified. In other words, by being pre-qualified you are giving yourself a competitive advantage over other buyers. Once your offer is accepted, having been pre-qualified will speed up the closing process.

Closing Costs

Listed below is general information concerning closing costs associated with the purchase of an apartment in Manhattan. Please note that these are general guidelines and are not meant to be exact figures. All buyers and sellers should consult their own attorney or financial advisor for more specific information. In general, total closing costs will be anywhere from 3%-5% of the purchase price. However, no representation is made as to the accuracy of the potential costs described below.

Condo Closing Costs - Seller

Real Estate Broker's Fee: Usually 6%, sometimes negotiable

Attorney's Fee: Approximately \$1,500-\$2,500

Condo Processing Fee: \$450+

Move-out Deposit: \$250 - \$1,000 (Refundable after move-out if there is no damage.)

Your Mortgage Company or Bank Attorney's Fee: \$450+

New York City Transfer Tax: 1% of price up to \$500,000; or, 1.425% of price if \$500,000 and over, plus a \$25 administrative fee

New York State Transfer Tax: \$2.00 per \$500.00 of price, or 0.4% of purchase price

Miscellaneous Title Fees: \$200

Payoff Fee to Title Closer: \$150-\$300

Condo Closing Costs - Buyer

Attorney's Fee: Approximately \$1,500-\$2,500

Bank Fees: Points: 0% to 3% of loan value

Application Fee (Credit Check, Processing Fee): \$500+

Property Appraisal: \$300+

Your Mortgage Company or Bank Attorney's Fee: \$500+

Short Term Interest: One month

Tax Escrows: 2 to 6 months

Recording Fees: \$300

Mortgage Tax: 1.75% of amount of mortgage on loans under \$500,000; or, 1.875% of

amount of mortgage on loans of \$500,000 and over

Fee Title Insurance: Approx. \$450 per \$100,000

Mortgage Title Insurance: Approx. \$200 per \$100,000

Title Search: \$275+

Managing Agent Fee: \$250+

Common Charge Adjustment: Pro-rated for the month of closing

Real Estate Tax Adjustment: 1 to 6 months

"Mansion Tax": New York State's tax upon buyers for 1% of entire purchase price when the residential property costs \$1,000,000 or more

Move-in Deposit: \$250 - \$1,000 (Refundable after move-out if there is no damage.)

New York City Real Property Transfer Tax: 1% of purchase price up to \$500,000; 1.425% of purchase price over \$500,000 (Note: Buyer pays this only if the unit is purchased directly from the developer)

New York State Transfer Tax: \$4 per \$1,000 of purchase price or .4% of the purchase price (Note: Buyer pays this only if the unit is purchased directly from the developer)

Co-Op Closing Costs - Seller

Attorney's Fee: Approximately \$1,500-\$2,500

Managing Agent Fee: \$450+

Move-out Deposit: \$250 - \$1,000 (Refundable after move-out if there is no damage.)

Mortgage Bank Attorney: \$350+

NYC Transfer Tax: 1% of price up to \$500,000; or, 1.425% of price if \$500,000 and over. Plus \$25 administrative fee.

NY State Transfer Tax: \$4.00 per \$1,000.00 of price, or 0.4% of purchase price

Miscellaneous Title Fees: \$200

Payoff Fee to Title Closer: \$300+

UCC-3 Filing: \$50+

Flip Tax: Depends on building

Stock Transfer Tax: \$0.05 per share

Co-Op Closing Costs - Buyer

Attorney's Fee: Approximately \$1,500-\$2,500

Mortgage Bank Fees: Points: 0% to 3% of loan amount

Mortgage Fees: (Credit Report, Appraisal, Application) \$500+

Mortgage Bank Attorney: \$400+

Lien Search: \$250 - \$350

UCC-1 Filing: \$50

Short Term Interest: Equal to interest for balance of month in which you close

Move-in Deposit: \$250 - \$1,000 (Refundable after move-in if there is no damage.)

Recognition Agreement Fee: \$200+

Maintenance Adjustment: Pro-rated for the month of closing

Mansion Tax: 1% of entire purchase price once the sale exceeds \$1,000,000.

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Below are some practical terms and definitions you might come across when looking for real estate in New York City.

Agency

A legal relationship between a principal and his agent arising from a contract in which the principal engages the agent to perform certain acts on the principal behalf.

Alcove

A small half a room or area adjoining the living room. Often converted to an additional separate room or used as dining area.

Amortization

A gradual paying off of a debt by periodic installments.

Appraisal

An opinion or estimate of the value of a property.

Assessment

The amount of tax or special payment due to a municipality or association. This is applicable in condo buildings and co-ops where assessments can often amount to significant monthly expenses.

Building Codes

Regulations established by local governments describing the minimum structural requirements for buildings. Codes include foundation, roofing, plumbing, electrical, and other specifications for safety and sanitation.

Brownstone or Townhouse

Structures that were originally built in the nineteenth or twentieth centuries. Originally built as luxurious one family homes, these houses usually feature fireplaces, moldings and other typical pre-war characteristics. Offers the luxury of a private home in the city and have largely been converted to multiple apartment buildings.

Classic 5, 6, 7, etc.

The "Classic" apartments are usually in prewar buildings and are built "old fashion" style, with maid's rooms and formal dining rooms. For example a classic 6 would have a total of 6 rooms. A living room, kitchen, master bedroom, second bedroom, maid's room and a dining room.

Covenants

Promises written into deeds and other instruments agreeing to performance or nonperformance of certain acts and/or requiring or preventing certain uses of the property.

Counter Offer

A rejection of an offer to buy or sell, with a simultaneous substitute offer.

Deed

A written document, property signed and delivered, that conveys title to real property. It is usually signed and handed over during closing.

Trust Deed

A conveyance of real estate to a third party to be held for the benefit of another. Trust deeds are commonly used in some states in place of mortgages that conditionally convey title to the lender.

Unrecorded Deed

An instrument that transfers title from one party (grantor) to another party (grantee) without providing public notice of change in ownership. Recording is essential to protect one's interest in real estate.

Warranty Deed

A deed that contains a covenant that the grantor will protect the grantee against any and all claims. It usually contains covenants assuring good title, freedom from encumbrances, and quiet enjoyment.

Discount Points

Amounts paid to the lender (usually by the seller) at the time of origination of a loan, to account for the difference between the market interest rate and the lower face rate of the note. (They are often required when VA loans are used.)

Duplex

An apartment with two levels or floors.

Encumbrance

Any right to or interest in land that affects its value. This includes outstanding mortgage loans, unpaid taxes, easements, and deed restrictions.

Equity

Interest or value that the owner has in real estate over and above the liens against it.

Escrow Account

A separate bank account segregated from a broker's own funds, in which the broker is required by state law to deposit all monies collected for clients.

Flex 3

A two-bedroom apartment with an alcove in the living room that is convertible to a room.

Grantee

The party to whom the title to real property is conveyed is the grantee or the buyer.

Grantor

Anyone who gives a deed is the grantor.

Hi-Rise

Tall elevator building. Usually with a doorman and over 15 stories high.

Inspection

A physical scrutinizing review of property or of documents.

Junior 1

An alcove studio that was converted to a small one bedroom or a smaller than standard size one bedroom.

Junior 4

A large one bedroom with an alcove used for dining area or converted to an additional room. Also called a flex or convertible two-bedroom apartment.

Lien

A charge against property making it security for the payment of a debt, judgment, mortgage, or taxes. A lien is a type of encumbrance. A specific lien is against certain property only, while a general lien is against all of the property owned by the debtor.

Loft

Large open space with high ceilings. Typically found in former commercial buildings that were converted to residential.

Low or Mid-Rise

Small elevator buildings, usually 10-12 stories. Pre-war and Post-war - The architecture of buildings in New York City is categorized by whether it was built before (pre) or after (post) World War II.

Market Value

The theoretical highest price a buyer, willing but not compelled to buy, would pay and the lowest price a seller, willing but not compelled to sell, would accept.

Personal Property

All property that is not realty. Property that is movable, not fixed to land; also called chattel.

Points

Fees paid to lenders to induce them to make a mortgage loan. Each point equals 1% of the loan principal. Points have the effect of reducing the amount of money advanced by the lender.

Power-of-Attorney

An instrument authorizing a person to act as the agent of the person granting it.

Purchase and Sale Agreement

A written agreement between seller and purchaser in which the purchaser agrees to buy certain real estate and the seller agrees to sell upon terms of the agreement. Also called offer and acceptance, contract of sale, and earnest money contract.

Real Property

The rights to use real estate. Sometimes also defined as real estate.

Studio

The smallest standard size apartment offered. Features one main room, which is used for main living and sleeping area. The kitchen and bath are usually separate.

Tenancy in Common

On ownership of realty by 2 or more persons, each of whom has an undivided interest, without the right of share of the decedent is inherited by the party or parties designated in the decedent's will.

Title

Evidence that the owner of land is in lawful possession. Evidence of ownership.

Clear Title

A title free of any clouds, liens, or other possible interests against it.

Color of Title

A fake title that appears to be good but is not in reality. Cloud on the title- An outstanding claim or encumbrance that, if valid, would affect or impair the owner's title.

Chain of Title

A history of conveyances and encumbrances affecting a title from the time that the original patent was granted, or as far back as records are available.

Abstract of Title

A historical summary of all of the recorded instruments and proceedings that affect the title to property. Title insurance- An insurance policy that protects the holder from loss sustained by defects in the title.

Title Report

A document indicating the current state of the title, such as easements, covenants, liens, and any defects. The title report does not describe the chain of title.

Title Search

An examination of the public records to determine the ownership and encumbrances affecting real property.

Transfer Tax

A tax paid upon the passing of title to property or to a valuable interest.

Triplex

An apartment with three levels or floors.

Walkup

Four to five story building with no elevator.

White Glove Building

A luxury doorman building usually with concierge. Often offers more services and elegance than a typical luxury building. The doorman's uniforms would include white gloves, hence the term "White Glove".

Zoning

A legal mechanism for local governments to regulate the use of privately owned real property by specific application of police power to prevent conflicting land uses and promote orderly development. All privately owned land within the jurisdiction is placed within designated zones that limit the type and intensity of development permitted.