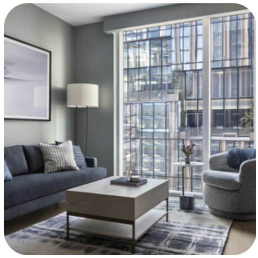
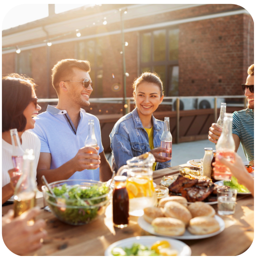
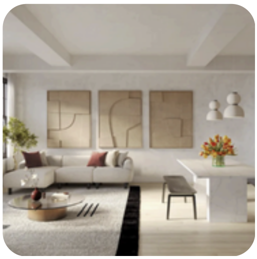
# Buyer's Guide

Your guide to understanding the purchasing process in New York City







RESOURCE GUIDE

theberksongroup
Residential Real Estate

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## THE PURCHASING TIMELINE

**Defining your timeline is an important first step. Here's why:**

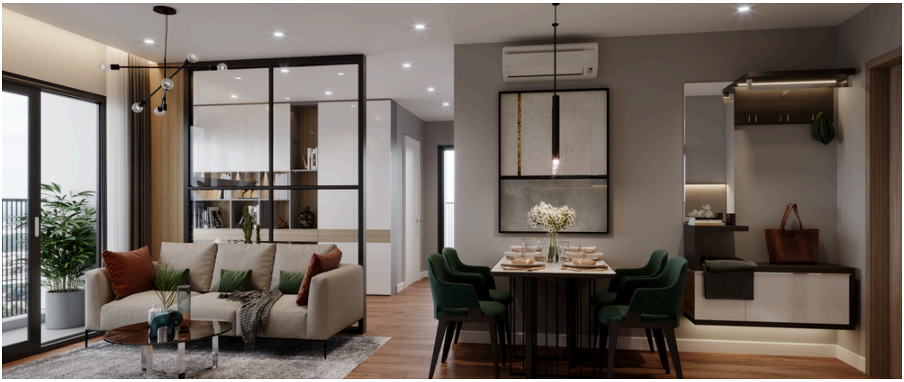
In order for us to assist you in the most efficient way possible, we need to understand when you want to move into your new home. Even in the quickest scenario, a New York City sales transaction should take a minimum of one to two months from initial search to closing, and that is if you pay all cash for the property. Purchasing a home could take much longer especially if you are financing your purchase.

**There are many variables that determine how long it can take, but here is a rough overview of the length of time each segment of the purchasing process takes:**

- Consulting with your mortgage representative/bank/financial advisor: **A few days**
- Finding an Apartment: **A few days to several months** (depending on how quick you want to purchase).
- Due Diligence Process/Signing a Contract: A few days to two weeks
- Applying for a mortgage and receiving a commitment letter from your lender: **3 -6 weeks**
- Completing the Condo or Co-Op board package: **About 2 weeks**
- Board Approval Period: **2-4 weeks**
- Board Interview: **Usually about 30 minutes**
- Approval: **Typically within 24 hours of the interview**
- Schedule a Closing: **Approximately two weeks after board approval**

**Once a closing is complete you are officially the owner of the apartment and will receive keys, but as you can see there are a lot of variables that could delay or quicken the purchase process.**

At The Berkson Group our goal is to be prepared to move as quickly as possible, but work with you at the speed you're most comfortable with.



## CONDOMINIUM AND CO-OP QUALIFICATIONS

**Understanding the difference between what is needed for a Condo or a Co-Op:**

When you purchase a Condominium as long as you can satisfy the price you agree to with a seller then you should have no obstacles to closing, as a Condo only has a "right of first refusal" and they rarely, if ever, exercise it. However, in a Co-Op, agreeing with a seller on a purchase price is only half the battle. The board of a Co-Op has a right to reject any sale based on the financial picture of the purchaser should it not meet their standards. While each individual Co-Op has their own criteria for determining if a purchaser is acceptable financially, here is a general overview of where you should be financially to feel confident that you could pass a Co-Op board:

- **Income** - Typically Co-Ops require about a 25% "debt to income ratio." What that means is that whatever your gross monthly income is, a Co-Op expects that you won't spend more than about 25% of it on your housing costs (mortgage & maintenance). More lenient Co-Ops are ok if the debt/income ratio is closer to 30%, but it is something you want to know about prior to making any bids in a particular Co-Op.

- **Assets** – While in a Condominium you can close on a property and have no money left over in your bank account, that is not the case in a Co-Op. After you've closed on any apartment, a Co-Op board expects to see at least one to two years of your monthly housing expenses still remaining as liquid assets.

- **Credit** – Each Co-Op will view credit differently, however hopefully at the time you enter into a contract for a Co-Op you have a credit score of at least 700 if not significantly above. While there isn’t much you can do to change your credit in the short-term, it is vital to let us know of any credit issues you may have so we can best position that to a Co-Op board. It's always better for Co-Ops to know about any credit issues upfront as opposed to them finding out on their own.

Again these three points are only general parameters in terms of what a Co-Op might expect from any purchaser. There are Co-Ops in the New York market that have much higher qualifications for any purchaser, and the last thing you want is to go through the sales process only to be rejected by a Co-Op board at the very end. As a result it is very important that we fully understand your financial picture in advance so we can position it in the best way possible to any Co-Op board.

## THE BOARD INTERVIEW

Once the board package is submitted, the next few weeks are typically the quietest part of any sale transaction. **The average board takes about 2-4 weeks to comment on any sale package.** In a Co-Op they almost always want to conduct a board interview with all of the purchasers listed on the contract. If they call you in for a board interview that is a good thing because it usually means that they have approved your financial situation based on the package, and now want to meet the people who will be living in the building with them as neighbors.

The board interview is then a short meeting in which a Co-Op board just wants to ensure that you will adhere to the building rules, respect your neighbors, and fit into the fabric of the building. The meeting is with one or more of the board members and can be as short as a few minutes to as long as about half an hour.

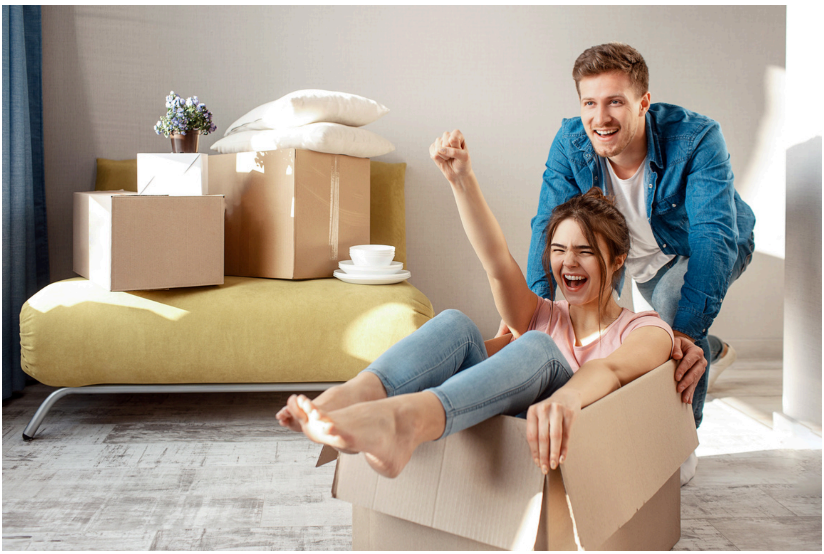
Assuming that all goes well in the board interview, then usually within 24 hours you get an answer as to whether or not the board has approved your package/transaction.

## PREPARING YOUR MOVE

Now that you are officially a homeowner, the final step is for you to plan your move and we will assist you throughout this process. With most Condominiums & Co-Ops in New York there is typically a contact person at the management company for the building who will inform you of the moving procedures. You should reach out to them right away because most buildings only allow one or two moves a day, and you want to secure the building elevator for your preferred date and time.

In terms of moving services, **we can recommend almost any type of vendor that you would need to help make your move go as smooth as possible. From movers, window treatments, painters, contractors, locksmiths, or anything else.**..If there is anything you need please let us know.

Once you are all settled in, take a moment to exhale and enjoy it. The purchase process is both long, involved, and can be very strenuous, but hopefully in the end you are that excited to call your new apartment "home." That is what makes the process worth it and our number one priority the moment we begin working with you. And if at any point there is anything we can do to enhance your happiness, please be in touch as it would be our pleasure to do so.



## CONSULT A MORTGAGE PROFESSIONAL

If you are going to finance your purchase through a bank/lending institution, then the first step you should always make when considering a purchase is to consult with one or more mortgage representatives so you understand your full purchasing power. Basically a quick conversation of just a few minutes will help you understand how much a bank will loan you based on your current financial picture. This is not only vital so you then only search for appropriate apartments based on price, but also raises your confidence knowing that a bank will get behind you for a purchase.

In addition the representative will review with you the entire mortgage process so you can fully understand what steps you need to take to secure a loan. This literally takes a few minutes, costs nothing to do, and after you will feel much more comfortable knowing what budget you are working with for a purchase.

If you need an introduction to a mortgage agent please let us know as we have relationships with superb representatives at all of the premier banks

## SECURING AN ATTORNEY

No matter what type of real estate sale you're involved with in New York, you should have a qualified real estate attorney representing you so that your interests are fully addressed in terms of the legal aspects of any transaction. It is strongly recommended that you use an attorney that specializes in residential real estate in New York City.

You may have a friend or relative that practices a different type of law or practices real estate law in another state. Although they may be superb, more often than not it is an attorney's lack of experience and familiarity with New York City real estate law that causes issues during the process and jeopardizes a deal. When you are the purchaser of an apartment you do not want to give the seller any excuse to walk away from your deal, and having an attorney representing you that is unfamiliar with New York City real estate practices creates an unnecessary risk of that happening.

Assuming you do have a New York City real estate attorney secured...Once a sale transaction is verbally agreed to then the selling attorney will issue a contract to your attorney and he/she will then start the "due diligence" process. This period, which should take about a week, consists of your attorney negotiating all terms of the contract on your behalf as well as reviewing the budget, financials, minutes, offering plan, and all relevant documents and information pertaining to the building you are purchasing in. After they have conducted their review, they will advise you if they see anything to be concerned about so you can feel confident signing the contract.

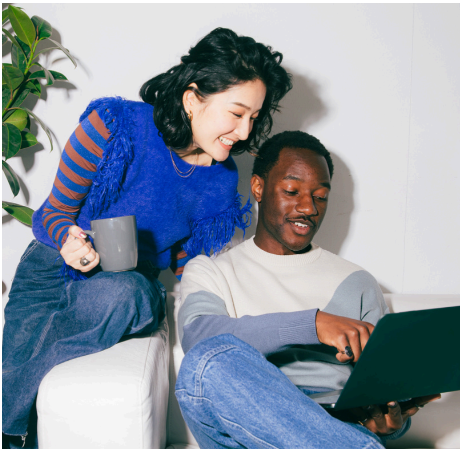
We have extensive experience working with some of the best real estate attorneys in New York, so if you don't have one and would like a referral, we would be happy to make an introduction.

## PREPARING THE BOARD PACKAGE

After both you and the seller have signed the contract of sale, then we move on to preparing the board package. The board package is essentially your application to the building so they know the full financial picture of who is purchasing the apartment. No matter if you are purchasing a Condo or Co-Op, almost every building has some form of a board package and they can range from a few pages of basic information to wanting to know your entire financial portfolio from the past few years.

Here are some of the documents/requirements Condo/Co-Op boards typically have in their sale packages:

- Fully completed application
- Tax returns
- Bank statements
- Stock portfolio/mutual fund statements
- Pay stubs
- Credit report
- Letters of employment/CPA letters
- Personal & business reference letters
- Application/move-in fees



Be prepared in advance to include all these documents and more in a board package if the building asks for it. You can ask to review the board package of any building upfront so you know what is required. If you are uncomfortable/unwilling to provide certain documents then this is strongly recommended, because more times than not, a board will not approve your sale if you do not provide everything they ask for in the application package.

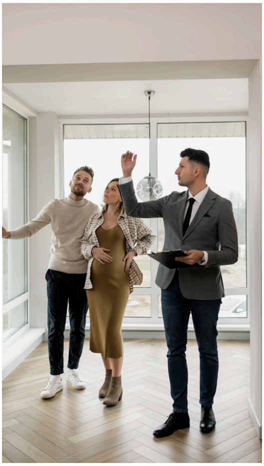
Typically we review all aspects of any board package with our clients way in advance so you know what to expect and there are no surprises. As a result, once we sign the contract all we need from our clients is their financial paperwork and then we put together the entire package and make any required copies for the board. Since 2003 we have only had board approvals on all of our sales because we know what boards expect and are incredibly detailed. Therefore we present any package in such a way that is both comprehensive, but easy to review for any board.

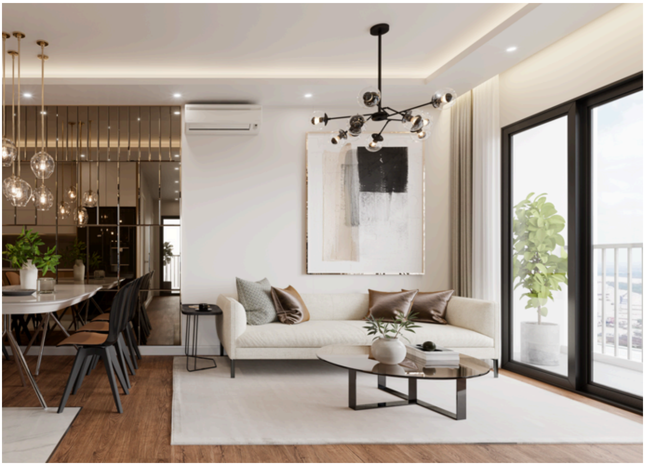
## THE WALK-THROUGH AND CLOSING

Once a Co-op/Condo board approves your transaction, then you can schedule a closing. Your attorney, along with the attorney for the sellers, arranges this based on your desired timing. The closing is typically scheduled within about two weeks of board approval if the apartment is vacant, but can be pushed further out depending on a date that you and the sellers agree to. Remember that even if you don't move into the apartment until much later, once you close on an apartment you are officially now the owner and responsible for all mortgage and maintenance payments each month.

Just prior to the closing you have the right to conduct a final walk-through of the property you are purchasing and it is strongly recommended. At the walk-through you should not only visually inspect the apartment for any damage/issues that might not have been present at your last viewing, but also you should test all of the appliances, plumbing, and electrical throughout the entire apartment. If any issues are found they will be brought up to your attorney who will negotiate on your behalf with the selling attorney to have you financially compensated for the cost to remedy any damages or repairs. While the walk-through only takes a few minutes to complete, it is something to take very seriously because once you close on the apartment any issues not discovered prior are now your sole responsibility to address.

The closing usually takes place at the office of one of the attorneys or the managing agent for the building. Your attorney will review with you everything you need to do to prepare for it, which is mostly bringing checks for the various fees associated with the transaction. At the end of the closing you will officially be the owner of the property and will be presented keys. It's a great feeling after literally months of work, so **congratulations!**





# Get in touch

**MATT BERKSON**
Founder/President

917.673.8068
Matt@TheBerksonGroup.com
www.theberksongroup.com

**MARCIE BERKSON**
Licensed Real Estate Salesperson

813.463.6503
Marcie@TheBerksonGroup.com
www.theberksongroup.com