



BUYER GUIDE 2018



CALIBER



1.

THE ROLE OF CALIBER

BUYER AGENT.

A buyer agent will carry out many tasks in the buyer's best interest – tasks that reach far beyond the property search function. Here is a condensed list of the essential tasks that will be handled by a Caliber Buyer Agent:

1. Be an adviser and advocate during the entire buying process
2. Take time to uncover the buyer's needs and wants as well as what's motivating their purchase
3. Educate buyers on current market conditions
4. Find a way for buyers to attain as many of their needs as possible when dealing with the realities of the marketplace and/or specific financial constraints
5. Research properties in the area and sort through active listings to make suggestions after cross-referencing buyer's needs
6. Help buyers achieve their lifestyle needs with a different set of features than originally anticipated (this is particularly useful when dealing with financial constraints)
7. Aid buyers in narrowing their search until they have identified their top choices
8. Handle the ins and outs of the negotiation process including the preparation of all necessary forms when making an offer and/or counteroffer
9. Provide oversight and follow up for any inspections deemed necessary
10. Counsel buyers on how to handle any repairs needed on the property
11. Be present at closing to ensure that all the buyer's interests are protected



2. CO-OP VERSUS CONDO: WHICH IS BEST FOR YOU?

There are two types of New York City apartments: Co-op (short for “cooperative”) and condominium. The first step in the NYC buying process is to decide which one suits you better. Older buildings (built pre-1980s) tend to be co-ops, while pretty much everything built from the 1980s onward is a condo. Beyond that distinction, your personal or financial circumstances, along with your lifestyle preferences and past experience, might guide you toward one or another.

■ CONDO.

1. You get a deed to the apartment that gives you ownership of the interior of your unit and the surface of its walls, as well as an undivided interest in the building’s common elements. This is the type of ownership almost everyone has in mind when they think about buying a home.
2. Individual owners elect a board of directors that perform many of the same functions as a co-op board. Generally speaking, though, most condo boards tend to be more hands-off when it comes to rule-making. That slightly more laissez-faire approach is partly because condo boards legally wield less enforcement muscle. Yes, the board can fine owners for the expense related to any rule infraction and get a court-ordered injunction to stop it from happening again. But, because a condo owner actually owns his or her unit (versus shares in a co-op corporation), a condo board can’t evict an owner from an apartment like a co-op board can. Note: In both co-op and condos, your voting power increases with the size of your apartment.
3. The monthly charges are referred to as common charges. Property taxes are not included; individual owners are billed directly by the government. This is important to keep in mind when comparing carrying costs of co-ops to condos, because at first glance, condos may look cheaper on a monthly basis.
4. Like co-op boards, condo boards also levy assessments when necessary. Monthly charges in both co-ops and condos tend to increase with the expansiveness of amenities and staff. However, larger buildings have economies of scale when it comes staffing and operation that are often reflected in lower common charges.
5. In a condo, the board may elect to buy the place outright and exercise the right of “first refusal”—which virtually never happens.
6. Most typically don’t have any financing minimums.
7. Co-ops and condos may require buyers to put an additional one to two years of common charges in an escrow account as insurance against nonpayment. The odds of this happening to you increase along with the perceived ‘riskiness’ of your application, as measured in factors like debt-to-income ratio and U.S. citizenship status.
8. In addition to higher purchase prices, condos also have substantially higher closing costs if you’re taking out a mortgage: You will pay a mortgage recording tax of 1.8% of the mortgage amount for loans under \$500k or 1.925% for loans above that. Also, your lender will require you to buy title insurance, which costs about 0.5% of the purchase price.
9. If you’re buying a new condo (versus a resale), transfer taxes (1.825% of purchase price for properties over \$500,000, and 1.425% for properties under \$500,000) are also your responsibility, though these can often be a point of negotiation with a developer, who is more apt to cover fees like this than reduce the sales price, which can affect future sales.



■ CO-OP.

1. In New York City, co-ops outnumber condos.
2. In a co-op, the entire building is owned by a single corporation. Instead of a deed, buyers get shares (stock certificates) in the corporation, and a proprietary lease that allows buyers to occupy a specific unit and lays down the rules and rights much like a lease in a rental building.
3. Buyers of co-op apartments are referred to as “tenants” or “shareholders,” not “owners,” and when legal issues arise, they are decided in accordance with landlord-tenant law, which typically gives co-op shareholders more protections than the laws that apply to condo owners.
4. Shareholders elect a volunteer co-op board that--except in some very small buildings that choose to save money by self-managing--works with a property management company to oversee the care and maintenance of the building.
5. The board also creates and enforces rules about everything from renovation inside units, to what’s allowed to transpire on the roof deck, to whether you can speak on your cell phone in the lobby, or whether (and what kind of) dogs will be allowed in the building. Unlike condo boards, co-ops can even evict an extremely disruptive shareholder and force them to sell their apartment.
6. Many co-op boards are made up of volunteers, likely with full-time jobs and families who try to make the best of what is a demanding and time-consuming role if done right.
7. Note: In both co-op and condos, your voting power increases with the size of your apartment.
8. Shareholders pay a monthly maintenance fee. Part of it goes toward the expense of operating the building. The other part is the amount of property taxes apportioned to each shareholder based on the number of shares assigned to their apartment. When property taxes and fuel costs are rising sharply, maintenance fees are frequently adjusted upward each year (3%-7% annual increases are quite common).
9. Co-op boards can require shareholders to pony up extra cash from time to time to boost the reserve fund or pay for a specific project. In a 40-unit building, for example, an assessment to replace an elevator might run \$8,000-\$15,000 per unit, depending on how many shares you own. Typically, shareholders can spread their payments out over a period of time such as 6 to 18 months.
10. A co-op board can turn down a buyer for financial and any lawful reason and the reason need not be divulged. (Note: If you buy an apartment directly from the sponsor, you will not need board approval at all).
11. Most co-ops require buyers to put down 20-25% of the purchase price, about the same as what most lenders require these days. But the range can be vast, depending on the co-op—anywhere from 20% down to 50% or more at higher-end buildings.
12. Co-ops also expect you to have sufficient money left over (also known as ‘liquid asset requirements’). The required amount can range drastically, from a few months’ worth of maintenance payments to 1 to 3 times the purchase price of the apartment. Two years’ worth of mortgage and maintenance charges is about average.
13. A co-op will expect you to meet a debt-to-income ratio, usually around 25%-29%. That means your total monthly payments--mortgage and maintenance--cannot exceed the specified percentage of your gross income. An excellent credit score is also required.
14. The average co-op’s financial standards are much higher than the average mortgage bank. This is a primary reason NYC co-op withstood the last recession so well.
15. NYC co-ops are cheaper, on average, than condos. Part of the reason co-ops tend to cost less is because they are typically older, lacking the bells and whistles of the tens of thousands of new condos constructed in the past decade. Many newer condos have also secured property tax abatements that enable developers to command higher sales prices than if buyers had to pay full tax bills right away. Another reason co-ops are cheaper is that buyers usually must be approved by a board. That process involves a lot of paperwork, a personal interview, the possibility of rejection, and disclosing your financial to the board of directors.
16. Co-ops have policies about subletting, which does not make them an ideal investment opportunity and can present a challenge if your job suddenly relocates to London, for instance. The rules vary, but owners are usually allowed to sublet their apartment for no longer than 1 to 2 years in any 5-7-year period. The board also gets to approve your tenant and charge you a fee for subletting.





3.

NYC CLOSING COSTS

Closing costs estimates with the purchase of a cooperative, condominium or townhouse property. Please consult your real estate attorney or financial advisor for specifics.

■ CONDOMINIUMS.

Buyer's Attorney:	Consult your attorney
Bank Fees:	\$350-\$750
Application Fee:	\$350
Processing Fee:	\$330
Appraisal Fee:	\$300-\$1,500 (depending on sales price)
Credit Report Fee:	\$10+
Bank Attorney:	\$650-\$750
Tax Escrows:	2 to 6 months
Recording Fees:	\$250-\$750
Fee Title Insurance:	Amounts vary, please consult your attorney
Mortgage Title Insurance:	Amounts vary, please consult your attorney
Municipal Search:	\$350-\$500
Mansion Tax:	1% of entire purchase where price is \$1,000,000 or more.
NYC Mortgage Tax (paid by borrower):	A. Mortgage less than \$500,000 = 1.8% B. Mortgage \$500,000+ on 1-3 family residential dwelling = 1.925% C. Mortgage on all other property over \$500,000.00 = 2.8%

ADDITIONAL REAL ESTATE EXPENSES

Common Charge Adjustment:	Pro-rated for the month of closing
Real Estate Tax Adjustment:	Pro-rated depending on when the tax is collected
Short Term Interest:	Vary by building
Miscellaneous Condo Charges:	Equal to interest for balance of month in which you close

3. NYC CLOSING COSTS

■ CO-OPS.

Buyer's Attorney:	Consult your attorney
Bank Fees:	\$350-\$750
Application Fee:	\$350
Processing Fee:	\$330
Appraisal Fee:	\$300-\$1,500 (depending on sales price)
Credit Report Fee:	\$10+
Bank Attorney:	\$650-\$750
Lien Search:	\$250-\$350
UCC-1 Filing:	\$100
Mansion Tax:	1% of entire purchase price where price is \$1,000,000 or more.

ADDITIONAL REAL ESTATE EXPENSES

Miscellaneous Co-op Charges:	Vary by building
Recognition Agreement Fee:	\$200+
Maintenance Adjustment:	Pro-rated for the month of closing
Short Term Interest:	Equal to interest for balance of month in which you close

■ TOWNHOUSES AND SINGLE-FAMILY HOMES.

Buyer's Attorney:	Consult your attorney
Bank Fees:	\$750
Application Fee:	\$350
Processing Fee:	\$330
Appraisal Fee:	\$300-\$1,500 (depending on sales price)
Credit Report Fee:	\$10+
Bank Attorney:	\$650-\$750
Tax Escrows:	2 to 6 months
Recording Fees:	\$250-\$750
Fee Title Insurance:	Amounts vary, please consult your attorney
Mortgage Title Insurance:	Amounts vary, please consult your attorney
Municipal Search:	\$350-\$500
Mortgage Tax-NYC of 1-3 Family Home or Condo:	A. If mortgage is less than \$500,000: 1.8% of loan amount B. If mortgage is \$500,000 or more: 1.925% of loan amount



4. NYC BUYERS' TIMELINE & CHECKLIST

■ STEP 1: GET YOUR FINANCIALS IN ORDER

- Gather your tax and financial records (e.g., recent pay stubs, last 2 years of tax returns, bank and investment statements)
- Review your credit report

■ STEP 2: DETERMINE AFFORDABILITY

- Find a lender you like and trust. Ask your Caliber Agent, friends or colleagues, your lawyer or accountant for a referral.
- Get preapproved for your mortgage (not prequalified, there is a difference)

■ STEP 3: INTERVIEW REAL ESTATE ATTORNEYS, LOCAL AND EXPERIENCED IN NYC CO-OP AND CONDO MARKET

Ask your Caliber Agent, friends and family for referrals.

(Note: You do not need to actually hire the attorney until you have an “accepted offer.”)

- Discuss timing. Ask about differences between a co-op and condo and how this impacts closing costs. Know how much money you'll need to get the deal done.

■ STEP 4: WORK WITH YOUR CALIBER AGENT

- Give your agent a list of must-haves (i.e., neighborhood, type and size of building, in-unit washer/ dryer, elevator, etc.)

■ STEP 5: FIND A PROPERTY!

- Create a saved search to get instant or daily updates on listing.
- Go to open houses

■ STEP 6: CHECK IN WITH YOUR MORTGAGE BROKER

Provide them promptly with requested information and documentation.

- Assess rates for fixed-rate loan and fluctuation scenarios for ARMs
- Decide on type of loan
- Estimate the size of your down payment and closing costs

■ STEP 7: BID ON A PROPERTY

Don't shop at the top of your price range. As price wars occur, you may get outbid.

- Work with your agent to place a competitive bid and negotiate terms
- Ask your lender if there are any known issues with the building. (i.e., if you can get a mortgage, but the building has financial issues, the deal cannot proceed.)



STEP 8: PREPARE TO SIGN THE CONTRACT

- Have your attorney do a “pre-contract due diligence,” including a review of the building’s financials, co-op or condo questionnaire, offering plan, house rules and other documents. Review board minutes, if permitted.
- Have your attorney review the contract and negotiate any changes needed for your protection.

STEP 9: SIGN THE CONTRACT

When you sign, you must pay a contract deposit, generally equal to 10 percent of the purchase price. Once the seller signs, the fully executed contract is returned to your lawyer. It is then a binding legal agreement.

- Pay the contract deposit
- Get the loan estimate from your lender. When you are sure you are proceeding, sign an “intent to proceed.”
- Submit all requested information and documentation. Stay on top of your lender to make sure the loan gets to a “clear to close” status.
- Have your lender ready to lock a rate – but not prematurely.

STEP 10: PREPARE FOR THE BOARD

Work with your Caliber Agent to present a thorough purchase application to the co-op or condo managing agent, which will be sent to the board.

- Gather all information for the board package, including tax returns, personal and business references and copies of financial records.
- Prepare to meet with the co-op board, which usually insists on a face-to-face interview. (Yes, even your dog!)
- Condo boards do not generally interview applicants. It will either permit the deal to proceed by issuing a “waiver of first refusal,” or deny the deal and buy the apartment for the board.
- Practice your board presentation with your Caliber Agent. Be professional. “Business casual” attire is recommended. Often, the interview is a pro forma “welcome to the building.”

STEP 11: DAYS BEFORE CLOSING

- Your attorney will advise of the certified or bank checks needed to pay the balance of the purchase price and other costs.
- Do a final walk-through of the apartment with your agent. Notify your attorney immediately of any issues.

STEP 12: CLOSING!

Get ready to sign many documents and write some checks. Bring a current photo identification. Bring extra blank checks.

- Get the keys and start your life as a new homeowner!

EVENT

1. Get a mortgage pre-approval
2. Property search
3. Negotiate & Contract signing
4. Mortgage application & receive commitment
5. Complete coop or condo board package
6. Submit board package to managing agent
7. Co-op board interview
7. Board Approval
9. Schedule the closing
10. Closing
11. Entire Process

TIMELINE

- 1 – 2 days
- 3 – 6 months
- 1 – 3 weeks after accepted offer
- 4 – 9 weeks
- 3 – 9 weeks to complete
- 1 – 4 weeks to review
- 1 hour
- 1 day – 1 week after interview
- 1 – 2 weeks after approval
- 1 – 5 hours
- 3 – 7 months





NEIGHBORHOODS

■ DOWNTOWN.

Downtown Manhattan	Below 14th Street
Little Germany (historic)	7th to 10th Streets; Avenues A to B
Alphabet City and Loisaida	Houston to 14th Streets; FDR Drive to Avenue A
East Village	Houston to 14th Streets; the East River to the Bowery
Greenwich Village	Houston to 14th Streets; Broadway to the Hudson River
NoHo	Houston Street to Astor Place; the Bowery to Broadway
Bowery	Canal to 4th Streets; the Bowery
West Village	Houston to 14th Streets; 6th Avenue (or 7th Avenue) to the Hudson River
Lower East Side	Canal to Houston Streets; the East River to the Bowery
SoHo	Canal to Houston Streets; Lafayette to Varick Streets
Nolita	Broome to Houston Streets; the Bowery to Lafayette Street
Little Italy	Mulberry Street from Canal to Broome Streets
Chinatown	Chambers to Delancey Streets; East Broadway to Broadway
Financial District	Below Chambers Street
Five Points (historic)	Worth and Baxter Streets
Cooperative Village	Frankfort to Grand Streets; FDR Drive to East Broadway
Two Bridges	Brooklyn Bridge to Montgomery Street; St. James Place to the East River
Tribeca	Vesey Street to Canal Street; Broadway to the Hudson River
Civic Center	Vesey to Chambers Streets; the East River to Broadway
Radio Row (historic)	Greenwich Street from Cortlandt to Dey Streets (World Trade Center site)
South Street Seaport	South of Fulton Street and along the FDR Drive
Battery Park City	West of West Street
Little Syria (historic)	Washington Street from Battery Park to above Rector Street

■ BETWEEN DOWNTOWN AND MIDTOWN.

Flower District	26th to 28th Streets; 6th to 7th Avenues
Brookdale	25th Street from FDR Drive to 1st Avenue
Hudson Yards	30th to 34th Streets; the Hudson River to Tenth Avenue
Kips Bay	23rd to 34th Streets; the East River to 3rd Avenue
Rose Hill	Between Murray Hill to the north and Gramercy Park to the south
NoMad	East 25th Street to East 29th Street; Madison Avenue to Sixth Avenue
Peter Cooper Village	20th to 23rd Streets; Avenue C to 1st Avenue
Chelsea	14th to 34th Streets; 6th Avenue to the Hudson River
Flatiron/Toy/Photo District	16th to 27th Streets; Park Avenue South to 6th Avenue
Gramercy Park	14th to 23rd Streets; 1st Avenue to Park Avenue South
Stuyvesant Square	15th to 18th Streets; 1st to 3rd Avenues
Union Square	14th to 17th Streets; 4th Avenue to University Place
Stuyvesant Town	14th to 20th Streets; Avenue C to 1st Avenue
Meatpacking District	Horatio to 15th Streets; Hudson Street to the Hudson River
Waterside Plaza	25th to 29th Streets; the East River to FDR Drive

■ MIDTOWN.

Midtown	34th to 59th Streets
Columbus Circle	59th Street and 8th Avenue
Sutton Place	53rd to 59th Streets; 1st Avenue to Sutton Place
Rockefeller Center	49th to 51st Streets; 5th to 6th Avenues
Diamond District	47th Street from 5th to 6th Avenues
Theater District	42nd to 53rd Streets; 6th to 8th Avenues
Turtle Bay	42nd to 53rd Streets; East River to Lexington Avenue
Midtown East	42nd to 59th Streets; East River to 5th Avenue
Midtown	40th to 59th Streets; 3rd to 9th Avenues
Tudor City	40th to 43rd Streets; 1st to 2nd Avenues
Little Brazil	46th Street from 5th to 6th Avenues
Times Square	39th to 52nd Streets; 7th to 9th Avenues
Hudson Yards	28th to 43rd Streets; 7th Avenue to the Hudson River
Midtown West	34th to 59th Streets; 5th Avenue to the Hudson River
Hell's Kitchen, Clinton	34th to 57th Streets; 8th to the Hudson River
Garment District	34th to 42nd Streets and 5th to 9th Avenues
Herald Square	34th Street and 6th Avenue
Koreatown	31st to 36th Streets; 5th to 6th Avenues
Murray Hill	34th to 40th Streets; 3rd to Madison Avenues
Tenderloin	23rd Street to 42nd Streets; 5th to 7th Avenues
Madison Square	23rd to 26th Streets; 5th Avenue to Broadway



■ UPTOWN.

Upper Manhattan	Above 96th Street
Marble Hill	Physically located on the mainland
Inwood	Above Dyckman Street
Fort George	Between Nagle Avenue, Dyckman St and 192nd Street (includes Broadway south to Fairview Avenue)
Washington Heights	155th Street to Dyckman Streets
Hudson Heights (part of Washington Heights)	181st Street to Fort Tryon Park; Broadway to the Hudson River
West Harlem	125th to 155th Streets; St. Nicholas Avenue to Broadway
Hamilton Heights (part of Harlem)	135th to 155th Streets; Broadway to the Hudson River
Manhattanville	125th to 135th Streets; St. Nicholas Avenue to the Hudson River
Morningside Heights	110th to 125th Streets; Morningside to Riverside Drives
Central Harlem	110th to 155th Streets; Park to St. Nicholas Avenues
Harlem	96th to 141st Streets (east), 110th to 155th Streets (central), 125th to 155th Streets (west)
Strivers' Row (Central Harlem)	137th to 138th Streets; 7th to 8th Avenues
Astor Row (Central Harlem)	Centered at West 130th Street
Sugar Hill (Central Harlem)	145th to 155th Streets; Edgecombe to Amsterdam Avenues
Mount Morris Historical District	120th to 124th Streets; Madison to 5th Avenues
Le Petit Senegal (Little Senegal)	116th Street east of Morningside Park
East Harlem (Spanish Harlem)	96th to 141st Streets; the East River to 5th Avenue
Upper East Side	East 59th to 96th Streets; the East River to 5th Avenue; 96th to 110th Streets along 5th Avenue
Lenox Hill	60th to 77th Streets; the East River to Park Avenue
Carnegie Hill	86th to 98th Streets; 3rd to 5th Avenues (centered at East 91st Street and Park Avenue)
Yorkville	79th to 96th Street; the East River to 3rd Avenue (centered at East 86th Street and 3rd Avenue)
Upper West Side	59th to 110th Streets; Central Park West to the Hudson River
Manhattan Valley	96th to 110th Streets; Central Park West to Broadway
Lincoln Square	65th to 66th Streets; Columbus Avenue to Broadway



