



Taking Some Of The Stress Out Of The Purchase Process

By Matthew G. Melnick, Esq.,
Romer Debbas, LLP

I have heard from clients many times over the years that when their offer to purchase an apartment is accepted they immediately have two opposite feelings — the elation of having their offer accepted and then the dread of applying to the board and obtaining a mortgage and all that is involved with both. A real estate agent representing a purchaser can have these same feelings and in many cases, this is when a real estate agent's work really begins.

There are a number of steps a purchaser and their real estate agent can take to make the buying process less stressful and many of these steps can be taken before even making an offer.

If a purchaser will be obtaining a mortgage to purchase the apartment, whether the offer will be contingent or non-contingent on the purchaser obtaining the financing, it is imperative that the purchaser obtain a pre-approval letter from a lender. The pre-approval process means that a purchaser has gone to a lender prior to finding a property to purchase and the lender has reviewed the purchaser's financials, such as their income and credit and provides a purchaser with a maximum amount of financing for which they would qualify. Many lenders also keep an "approved buildings" list. This is a directory of buildings in which the lender has already completed its review of the building and approved same for lending. There are additional benefits of obtaining a pre-approval letter from a lender as well; (1) the ability to provide a copy to a seller may help in a seller accepting a purchaser's offer since they can be confident the purchaser will qualify for the loan; and (2) the time it takes to obtain a mortgage commitment can be lengthy and starting the mortgage application process can be crucial to obtaining your mortgage commitment letter within the time frame required pursuant to a contract.

Almost every co-op and condo requires that a purchaser that has entered into a contract to purchase a unit in the building to complete a board application. Traditionally, co-op applications are more extensive and invasive than condo applications, but there is a recent trend in condo applications to be just as lengthy and intrusive as a co-op application. It is beneficial to familiarize yourself with the

common documents that are required to be submitted as part of the application. Some of these documents will be duplicative with the information needed by your lender for the pre-approval, such as recent tax returns, W-2's, pay stubs and proof of the previous one to two years of rental payments. The co-op and condo may also require letters of reference from multiple sources which are financial, personal and professional in nature. While these letters need to be specifically directed to the board in which you are applying, having the people lined up to complete these reference letters ahead of time can be a tremendous time saver and reduce the stress of having to chase people and professionals who may have vacations planned or other time commitments and let you plan accordingly. The standard form co-op contract provides that the board package must be submitted within ten (10) business days of the fully signed contract if paying "all cash" or within three (3) business days of the receipt of the commitment letter if applying for financing. The standard form of condo contract provides that a board application must be submitted "promptly" after the execution of the contract. While these time periods are negotiable, a purchaser can avoid the rush to compile the information and letters needed and risk forgetting to include specified documentation or not having enough time to locate or obtain same.

Many buildings provide their board applications online from the building's managing agent and, as you narrow down the buildings in which you are looking at apartments it can be helpful to obtain these applications in advance and begin compiling the information requested so that once your offer is accepted and you have signed the contract you have reduced the pressure to first begin to obtain and complete the information required.

The processes of purchasing a new home is exciting but can also be quite stressful. Being "ahead of the game" and taking care of the majority of your mortgage and board applications prior to having an accepted offer, when the pressure is not as intense, you can make buying your new home both quicker and easier and hopefully be more exciting than stressful. ■

Matthew G. Melnick, Esq.

Partner

Romer Debbas, LLP

183 Madison Avenue, Suite 904

New York, NY 10016

Tel: 212-888-3100

mmelnick@romerdebbas.com

www.romerdebbas.com