

In Search of a Dea



By Frank Lovece

She sashayed into my office like she owned the place, and when I saw her, I was ready to hand over the keys. You could tell this dame was prime real estate, with legs like a high-rise condo on Where-Have-You-Been-All-My-Life Street. “I hear you can help me,” she said, with a voice that melted the ice in my bourbon. “I need to buy an apartment. And I don’t care how I get it.”

I looked her in the eye and sized her up like an appraiser doing square footage. I knew her type. She’d come into some dough, or maybe saved it up. She was tired of renting, or living with her folks or her ex-whatever. Now she wanted a place to call her own. She thought it’d be easy – mooks from Maine to Montana buy houses every day. But an apartment in New York

She wanted to buy a home of her own – but could she pay the price?

City? This dame was standin’ on Staten Island without a clue she was about to run the marathon.

“Co-op or condo?” I asked, offering her a chair. She didn’t seem the townhouse type.

“Does it matter?” she said, leaning in so close I could see the hunger in her eyes. I tried to imagine how that would go over in a co-op admissions interview.

hard-luck story. I agreed to take her case. That meant calling on my usual contacts: a real-estate lawyer, co-op and condo board members, a broker or two, and even a seller. This wasn't going to be pretty. But if she was going to buy an apartment in New York, she had to come with me and learn this all for herself. There was no other way.

The Broker: Trouble Is My Business

"If you're a first-time buyer, there's a lot of hand-holding." That was Kate Burton; she's a licensed salesperson at Halstead Property. I wouldn't have minded holding the dame's hand, but I didn't want to distract Kate.

"Even with people who have bought before, they take a lot of paying attention to, since it's such a big financial commitment. It can be a \$300,000 place or \$3 million. Either way, it's a lot of money for *them*."

"People aren't born with this information," chimed in Miriam Sirota, a senior VP at Brown Harris Stevens. Good old Miriam. She'd been around the block. What two of my favorite ladies were doing at one of my favorite watering holes, I didn't ask. I had other questions – like, "What's the first step? Before the lawyers or the boards or the grifters or the cops all stick their noses in, what does *she* have to do?" I said, pointing my thumb at the dame.

The Price of Admission

Buyer's Bill for Closing Costs of Co-ops, Condos, and New Developments

	CO-OPS	CONDOS	NEW DEVELOPMENTS
Purchase Price	\$1,500,000	\$1,500,000	\$1,500,000
Mortgage/Loan	\$1,200,000	\$1,200,000	\$1,200,000
Loan Application	\$750	\$750	\$750
Board Application	\$500	\$500	N/A
Title Insurance	N/A	\$6,350	\$4,450
Mortgage Premium	N/A	\$1,320	\$920
Misc. Title Insurance Expenses	N/A	\$1,200	\$1,200
Mortgage Recording Tax	N/A	\$23,100	\$23,100
Mansion Tax	\$15,000	\$15,000	\$15,280
NYC Transfer Tax	Paid by Seller	Paid by Seller	\$21,800
NYS Transfer Tax	Paid by Seller	Paid by Seller	\$6,120
Sponsor's Legal Fee	N/A	N/A	\$1,500
Manager's Closing Fees	\$750	N/A	N/A
Bank's Closing Fees	\$1,250	\$1,250	\$1,250
Misc. Fees (i.e., legal fees, adjustment, etc.)	\$5,000	\$5,000	\$8,000
TOTAL	\$23,250	\$54,470	\$84,370

Closing costs in New York City are higher than in any other city in the country. Even within New York City, closing costs can vary greatly depending on what kind of property is being purchased. Cooperatives are not considered real property, and a buyer is actually purchasing shares in a corporation. On the other hand, condominiums are

considered real property, and the closing costs for condominiums are significantly higher. The spreadsheet below demonstrates how condominiums require title insurance and buyers who are obtaining financing must pay a mortgage recording tax. Condominiums in a new development or conversion projects (sponsor deals) are

significantly more expensive than a condominium resale. That's because the attorney general's office allows sponsors to require that purchasers pay transfer taxes that are statutorily the responsibility of sellers (i.e., the New York City and New York State transfer taxes).

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