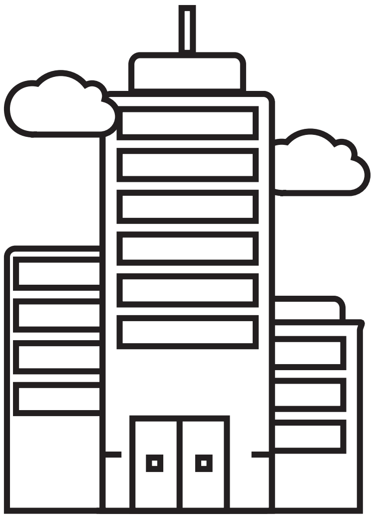

Co-op or Condo? The Basics

Unless you're in the market for a single-family townhouse, you'll have two choices as a home buyer in New York City: a co-op or a condominium. Broadly speaking, apartments in most buildings built before World War II will be long-established co-ops, while those in many postwar buildings and new construction will be condos. Each has its advantages and disadvantages. Here's a primer to inform your search.

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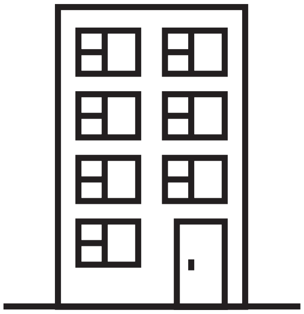
Co-op

The earliest record of a co-operative housing agreement dates to ancient Babylon, but dig into the New York City real estate scene and you might think it was invented here. NYC is co-op central, and for decades the co-operative housing model dominated the city's real estate industry. Even today, they make up some 70 percent of Manhattan's inventory. These apartments are owned by a corporation, and when you buy a co-op, you're buying shares in that corporation that entitle you as a shareholder to a proprietary lease in a particular apartment. You'll be required to have at least 20 percent of the purchase price to serve as a down payment. Shareholders pay a monthly maintenance fee to cover building expenses, including real estate taxes. Approval is granted by a board of directors, and all prospective buyers must submit a detailed board package that includes financial and personal information, including references, tax returns, and bank statements. The board requires an interview and dictates policies on pets, renovations, who you can sell to, and if/when you can sublet.

Condo

When you buy in a condo building, you're purchasing real property and you will be given a deed. Besides owning the apartment, you also own a small percentage of the building's common elements, such as the halls, stairwells, etc. Each individual apartment gets a separate tax bill from the city. There is also a monthly common charge for building expenses. Financing and subletting terms can be more flexible in a condo than in a co-op. There's usually no interview required to move into a condo building and, while your purchase price per square foot may be higher than in a co-op, there's usually less money required as a down payment.



Co-op or Condo? The Numbers

Now that you're well on your way to working with an agent to find a home that meets your needs (and fits your budget), here's a financial comparison of co-ops and condos.

	Co-ops	Condos
Purchase price	Typically, less expensive than condos, but purchase requires obtaining board approval, which can be an arduous process.	A condominium will be somewhat more expensive than a co-op of the same size, but additional condo-specific costs can push the value difference much further.
Size and amenities	On average, co-ops are 300 square feet smaller than condos. These buildings tend to be older and have fewer high-end extras than condos.	In addition to bigger residences, condo buildings often feature glam amenities—things like on-site gyms and swimming pools.
Down payment	Typically, 20 to 25 percent of the purchase price, though this can run as high as 50 percent in the city's most expensive buildings. A co-op board will require, on average, two years of mortgage and maintenance in savings.	Most New York City condos don't have financing minimums; the acceptance of the size of the down payment will be decided by the buyer and the seller and possibly the mortgage lender.
Monthly fees	Known as a maintenance fee, this monthly levy pays for building expenses and property taxes.	Known as common charges, these fees pay for building upkeep. One important note: In a condo you pay property taxes directly to the government, which may be why common charges tend to be lower than maintenance fees on a co-op.
Possible add-ons	As a shareholder you may be expected to contribute to the building's reserve fund or contribute to building assessments.	You may be required to pay for staffing or amenities, or contribute to other building maintenance funds.
Closing costs	Lower than for a condo (provided you're applying for a mortgage). Costs will include attorney fees and, if required, the so-called mansion tax. Revised for 2019, the tax starts at 1 percent of the purchase price for homes between \$1 million and \$2 million, and rises to 3.9 percent for homes over \$25 million. That said, because buying into a co-op is buying shares in a corporation rather than transferring a title for real property, there's no title insurance requirement.	Higher than for a co-op (provided you're applying for a mortgage). For starters, there's the cost of your own attorney, which can add \$5,000 or more. Title insurance will add upwards of \$4,000; bank fees, which will include your lender's attorney fees, will add another \$2,000 to \$3,000. There's also a mortgage tax of 1.8 percent for loans of less than \$500,000 and 1.925 percent for loans of \$500,000 and above. And for purchases above \$1 million (even those that are pushed above the \$1 million mark by taxes), there's the mansion tax, too.