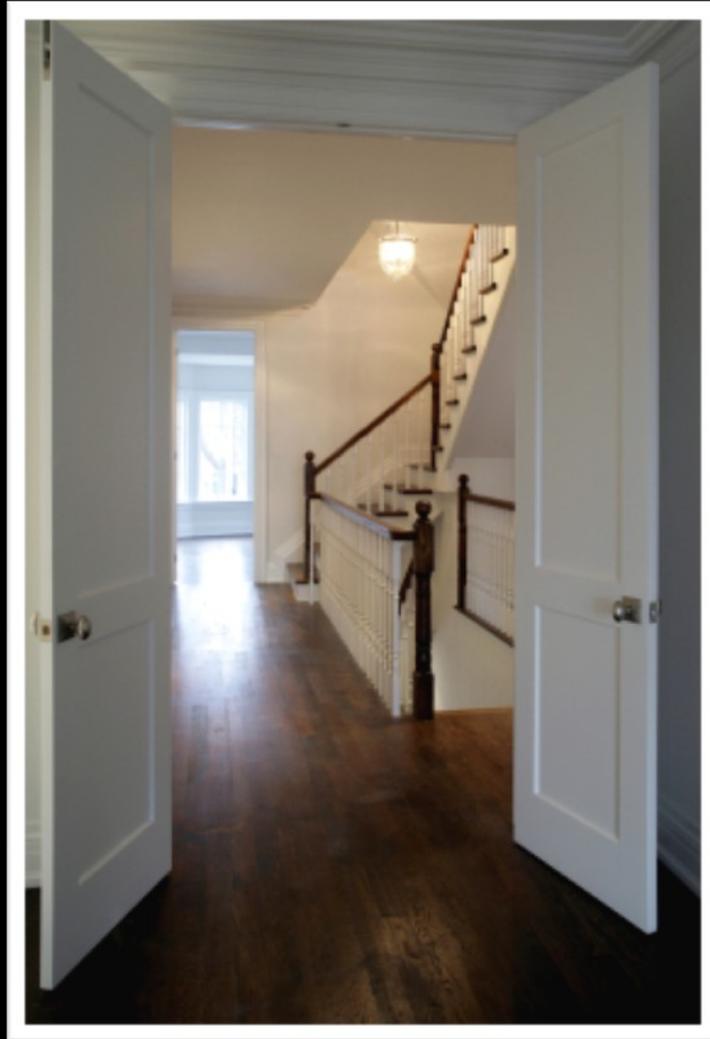


Home Buyers Handbook



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REAL ESTATE

New York's Exclusive Real Estate Buyers Brokerage

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Advantages to owning your own home

1. **Tax breaks.** The U.S. Tax Code allows you to deduct the interest you pay on a mortgage, property taxes and many of the costs involved in buying your home.
2. **Gains.** Between 1998 and 2002, in the U.S. national home prices increased at an average of 5.4 percent annually. While this is no guarantee of appreciation, a 2001 study by the NATIONAL ASSOCIATION OF REALTORS[®] found that the average homeowner has approximately \$50,000 of unrealized gain in their property.
3. **Equity.** The money you pay in rent every month you will never see again. A mortgage payment allows you to build equity in your home, which you may be able to borrow against in the future.
4. **Savings.** Building that equity in your property is like an unseen savings plan. If you decide to sell your home you can generally take up to \$250,000 (\$500,000 for a married couple) as gain without owing any federal income tax.
5. **Predictability.** Unlike rent, your mortgage payments should remain steady over the years. You may even find your housing costs decline as you own the home longer. However, keep in mind that insurance and property tax costs are subject to frequent change.
6. **Freedom.** This is your own property. You may decorate and improve it as you see fit. You have the freedom to do with your property as you please, possibly adding to the value of your investment over time.
7. **Stability.** Living in one neighborhood for a number of years gives you a chance to establish you and your family in a community, offers your children the benefit of educational continuity and allows you all to establish roots and lifelong friendships.

To calculate whether renting or buying is the best financial option for you; use this calculator at Ginnie Mae:

http://www.ginniemae.gov/rent_vs_buy/rent_vs_buy_calc.asp?Section=YPTH

Tips for first-time Homebuyers

1. **It's okay to be picky, but be realistic.** Even a brand new home is never perfect.
2. **Do your homework before you start shopping.** Decide what you really want from a home any keep that in mind when searching for [New York City apartments](#).
3. **Make sure your finances are in order.** Review and double check all your credit reports and ensure you have enough saved to cover both your down payment and your closing costs.
4. **Don't delay in getting your loan.** Work with a lender to get prequalified for a mortgage before you start looking. This will always lend you credibility when negotiating a property.
5. **Don't ask for everyone's opinion.** No two tastes are ever alike. Conflicting advice and opinion can become confusing, pick one or two trusted people to turn to if you really feel you need a second opinion.
6. **Decide when you would be able to move.** How long does your lease have to run? Would the landlord allow you to sublet if necessary? How slow is the rental market in your area? Do you need to sell your home?
7. **Think about the long-term.** Do you want a starter home with the idea of moving bigger in a few years or is this a long term, family investment. Making this decision may dictate what type of home you should be looking for, as well as the type of mortgage loan that may suit your needs.
8. **Don't let yourself become over leveraged.** If you invest all your financial resources to buy the biggest home you can afford, you will likely find yourself without any funds left for maintenance or decoration and/or to save money for other financial goals.
9. **Do not be naïve or cut corners.** A smart buyer will insist upon a home inspection, and ensure any major defects discovered be fixed before closing.
10. **Find a real estate professional whose style and principles match yours.** Consider working with a buyer's representative. Home buying is not only a big financial commitment, but also a highly emotional one. It's very important that the agent you choose is both great at their job and a good fit with your personality. Unlike the listing agent, whose first duty is always to the seller, a buyer's representative is working for you and your best interests only. Often buyer's reps are paid out of the seller's commission payment.
11. **If you find that perfect home now.** Don't second-guess the interest rates or a possible change in the housing market by waiting. Such changes don't usually occur fast enough to make that much difference in price and great New York City Apartments won't stay on the market long.

Tips for first-time Homebuyers *continued...*

12. **Understand that there is no such thing as a completely perfect apartment.** Focus on finding the things that are most important to you and consider letting the minor flaws go.
13. **Don't negotiate yourself out of the game.** Negotiation is certainly a big part of the real estate process, but trying to gain by looking for an extra-low price may lose you the apartment.
14. **Make a post home buying budget.** Factor in all the decorating and repair costs. Even the newest of homes needs a little work. Even if you buy a new home, there will be some costs. Don't leave yourself short and let your home deteriorate.
15. **Some buyer's remorse is almost always inevitable but it will pass.** Purchasing a home, especially the first one, is a huge commitment, but the investment yields great returns.

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Eight Simple Steps to getting your finances in order

1. **Create a realistic budget.** Instead of budgeting what you think you spend, use your real bills and receipts to create a budget for what you actually spent over the last six months. All those Starbucks runs, online subscriptions etc, they add up, even if you don't notice \$10 here and there. It also helps you factor in the unexpected like medical and car repair bills, not just the predictable rent and utility bills.
2. **Pay down Credit Card debt.** As a general rule, lenders look for a total debt load of no more than 36 percent of income. Since this number has to include your mortgage, which can range between 25 percent and 28 percent of the average income, you must get the rest of installment debt—car loans, student loans, balances on credit cards—down to between 8 percent and 10 percent of your total income.
3. **Get a handle on expenses.** You should keep a falcon eye on how much you pay out in rent and utilities, but little expenses add up. Keep track of everything you spend for one month this can help you discover some great ways to save.
4. **Consider ways to increase your income.** To qualify for the home you really want, you may want to consider taking on a part time or weekend job to bring your income level to where it needs to be.
5. **Save enough for a down payment.** It is possible to obtain a mortgage with a down payment of 5 per cent (even less in some cases) but it is likely you will get a better interest rate and lower monthly payments if you can manage more. Try to save the recommended 20%.
6. **Create a house savings fund.** Decide on a set amount that you can put aside every month to save towards your down payment. Build it into your monthly budget, just as you would your utility bills or car payment.
7. **Try to maintain a steady job history.** While most lenders make no rule that you have to have had to be in the same job forever to qualify, having a job for two years or less may mean you have to pay a higher interest rate.
8. **Establish a better credit history.** Apply for a credit or store card and make purchases on it that you can pay for by the due date. This is a great way to build your credit profile quickly.

Budget Work Sheet Example

<i>Income</i>	
Net Income/All Family Members	
Child Support/Alimony	
Pension/Social Security	
Disability/Other Insurance	
Interest/Dividends	
Other	
<i>Total Income</i>	

<i>Expenses</i>	
Rent/Mortgage	
Life Insurance	
Health/Disability Insurance	
Vehicle Insurance	
Homeowners or Other Insurance	
Transportation / Car Payments	
Other Loan Payments	
Savings/Pension Contribution	
Utilities	
Credit Card Payments	
Car Maintenance	
Clothing	
Personal Care Products	
Groceries	
Food Prepared Outside the Home	
Medical/Dental/Prescriptions	
Household Goods	
Recreation/Entertainment	
Child Care	
Education	
Charitable Donations	
Miscellaneous	
<i>Total Expenses=</i>	
<i>Remaining Income after Expenses=</i>	

How to improve your Credit

Your credit score, along with your overall debt to income ratio, is a big factor in determining if you will qualify for a loan, and the better your score, the more favorable the loan terms are likely to be;

1. Check your credit report with all the major credit reporting bureaus. Mistakes happen, more often than you may think, and you may be penalized for someone else's financial mismanagement.
2. Pay credit card bills regularly, ideally, pay off balances every month. If that isn't possible, make the maximum payment you can afford on each card, on a steady basis. Transferring balances from one card to the other may not be the best solution, as that can lower your overall credit score.
3. Use your credit cards wisely; avoid charging them to the limit. Spend only what you can afford to repay in a timely manner.
4. Wait for at least 12 months after credit difficulties to apply for a loan. Most loan companies will penalize you less for those mistakes after a year or so has gone by.
5. Resist the temptation to purchase big-ticket items for your new home on your credit cards before you have secured your loan. The extra debt will only lessen your chances of approval.
6. Don't open new credit card accounts in the months immediately before applying for your loan. Too much available credit can lower your credit score.
7. Shop for mortgage loans all at once. Too many credit applications can lower your score, but several inquiries from the same type of lender are usually counted as one inquiry by the credit reporting bureaus if submitted over a single, short period of time.
8. Avoid finance companies. Even if you pay the loan on time, interest rates on these types of loans are usually very high, and it will more than likely be considered a sign of bad credit management.

To request your free annual credit report: www.annualcreditreport.com

What affects your Credit Score

Credit scores can range from 200 to 800. A score of 620 or above is essential for securing the mortgage you need. Here are some of the factors that can affect your overall score;

1. Your payment history: How timely are your monthly credit payments? Late payments can be almost as damaging as no payment at all.
2. How much debt you are carrying: Owing a significant amount of money on multiple accounts may signal to a lender that you are already over exceeding your limits.
3. The time span of your credit history; a lengthy positive history enhances your score.
4. How much new credit is available to you? Large amounts of available credit, either credit cards or installment payments may not be the best thing for a lender to see. Even if your payments are made on time, lenders may feel that a borrower with a lot of credit still available for use may be at risk for future credit problems.
5. The types of credit you use. For a lender, it is in your favor if they can see different kinds of credit have been extended to you. A few credit cards and a car loan for instance, if all paid on time, will show a lender you are financially responsible.

For more on evaluating and understanding your credit score go to <http://www.myfico.com>.



Your Property Wish List

While your vision of your ideal home may change once you are out home shopping, a checklist such as the one below can help you prioritize and avoid wasting time viewing properties that are not right for you. Consider;

- How close do you need to be to: (a) public transportation _____ (b) schools _____ (c) airport _____ (d) expressway _____ (e) neighborhood shopping _____ (f) other _____?
- Which neighborhoods do you prefer, which do you want to avoid?
- What school systems would you prefer?
- What style(s) of apartment do you prefer?
- Do you want a condo, co-op or a townhouse?
- Are you looking for a new development, or would you consider a resale?
- How much repair and renovation are you willing and able to do?
- Does your family have special needs that need to be met in the home, such as ramps or wide doorways?
 Are you looking for a home with a terrace or view?

<i>Prioritize each of these options into</i>	<i>Must have</i>	<i>Would prefer</i>
Bedrooms (number _____)		
Bathrooms (number _____)		
Balcony/Deck		
Garage (size _____)		
Family room		
Dining room		
Eat-in kitchen		
Washer/Dryer or Laundry room		
Fireplace		
Air conditioning		
Wall-to-wall carpet		
Hardwood floors		
View		
Light (windows)		
Shade		
Close to Transportation		

Tips for finding your ideal Neighborhood

1. List all the activities — movies, gym, church — that are a part of your everyday life, as well as the stores you prefer to frequent. Access each possible area to see how the move would impact your participation in your most common hobbies and activities.
2. Investigate the local School District. The Department of Education can probably provide information on average test scores, class size, graduation percentage, and any special enrichment programs that are available. If you have school-age children, a visit to schools in the [neighborhoods](#) you're considering can be very helpful in gaining a true insight to the standard of education. A good school district can be hard to find. It is often a big selling point for a home. So even if you don't have children it is a factor to consider, as it may impact your home's re-sale value.
3. Safety is a high priority for most families. Check the local crime statistics, which are usually available from the area police departments. Consider both the number and types of crimes that are reported, and look at the trends of increasing or decreasing illegal activity. Try to analyze whether the criminal activity is centered around a certain area, the local retail outlets for instance.
4. Ask the local city economic development office what the average income and property values are in the area. Are those values increasing or declining? What percentage of properties are privately owned homes to rental apartments? Does the area have a number of vacant businesses or apartments that have been for sale for months?
5. Look at possible resale value for apartments in the area. A local real estate agent can provide you with accurate information about price appreciation trends in the neighborhood. Although past performance is never a guarantee of future outcomes, this information can provide you with a sense of how good an investment your home will be. A Real Estate Agent or local government planning agency also may be able to tell you about planned developments or other changes in the neighborhood—new schools, retail developments, that may affect property values in the future.
6. See it with your own eyes. Once you have managed to decide on two or three neighborhoods, take a trip there, and walk, not drive, around. How well are the homes maintained? How noisy are the streets? Consider making your trip on a warm day, and chat with potential neighbors working or playing outside. They can probably provide a great deal of insight into the realities of living in the area.

More Information:

[New York City Neighborhoods](#)

Buying in a tight Market

The following are just a few tips to help you get into your dream home at a reasonable price, without losing out to other bidders;

1. Prequalify for a mortgage: Any seller will be more comfortable dealing with someone who can prove they are serious in their intention and ability, to buy their home.
2. Work closely with your local real estate agent to stay on top of new listings as soon as they hit the market. Try to be available as often as possible to see new properties as they come up.
3. Ensure you are ready to make a decision: Knowing in advance what you really want and need is essential, so you can make a timely offer when that right property comes around.
4. Prior to proceeding with an offer, make sure you have complied or had your agent compile a report of previous and current comparable data relevant to the specific property. When proceeding with an offer, make it sensible, but still aggressive. You do not need to start out with the highest offer you can possibly afford, but a very low offer may offend the seller and you may lose out to other interested buyers.
5. Try to get a mortgage contingency otherwise keep contingencies to an absolute minimum. Restrictions on the sale, such as selling your home before you move or delaying the closing until a specific date can make an otherwise good offer unappealing. If your own home has yet to sell, consider talking to your lender about a bridge loan, which would allow you to cover both mortgages for a short period of time.
7. Be careful you don't get yourself caught in a buying frenzy. Even if there seems to be competition this does not mean you should just buy a property, at any price. Most important to consider is that although you want to make your offer sound as attractive as possible, never neglect inspections to help ensure your home and investment is sound.

Pros and Cons of Condos

Condominiums can offer a more flexible and affordable option to single-family homes. However, take the following into consideration before you choose to buy [New York City Condos](#).

1. **Storage.** How much stuff do you have in storage now? Some Condos have storage cages in a buildings' basement, but not all.
2. **Outdoor space.** Private outdoor space is rare in a condominium development. If you are a gardener, or love the outdoors, this may not be a great fit for you. However, if you dislike maintaining an outdoor space, or just like a little lounging area, it may well be an appealing factor.
3. **Amenities.** Most condominium developments offer extra amenities such as swimming pools, communal lounges, playgrounds and on-site gyms. These luxuries may be a factor in your decision, as such things are very expensive for the average homeowner to buy and install on their own property.
4. **Maintenance.** Almost all condo developments have a maintenance crew, who will make repairs to your unit and maintain all the common areas. They may also agree to let appointed persons into your home when you are away, for the purpose of deliveries, cable installation etc.
5. **Security.** Condos often feature more secure entry locks and security personnel on-site. You will also be around more people in the event of an emergency.
6. **Association Fees and Dues.** Although these fees usually help pay for all the extra amenities and provide savings for future repairs, you will have to pay every fee assessed by the Condo board, whether you use the offered services and amenities or not. These would be the monthly fees, on top of any mortgage you may be carrying.
7. **Resale.** Selling your unit often hinges around what else is for sale in your building and surrounding neighborhood and at what price. Usually Condo units are very similar to one another, so price, views, ceiling heights as well as finishes and appliances can often determine the price.
8. **Freedom.** Although you will be given a vote, Condo Associations Rules and Regulations are less restrictive when it comes to a Co-op but more than a free standing home. Some boards limit pets or noise levels. Read all the Rules and Regulations very carefully before purchasing a unit.
9. **Proximity.** You will be much closer to neighbors in a Condo setting. Try to meet these people before you buy, to get a sense of who you might be living next door to.

Why you need a Real Estate Agent

1. Any Real Estate transaction is a complex process. Buying or selling a home in most instances requires disclosure forms, inspection reports, mortgage documents, insurance policies, deeds, and complicated government-mandated closing statements. A helpful and educated advocate to guide you through this maze can help you avoid delays or costly pitfalls and mistakes.
2. Buying or selling a home is a time consuming process. Even in a strong market, [New York City apartments](#) stay on the market for an average of 60 days. Closings add another 30-60 days or so to the timeframe before a deal is finally closed after an offer is accepted.
3. The Real Estate business speaks its own unique language. If you do not know a CMA from a Transfer Tax, you can see why it is important to work with someone who does.
4. Real Estate Agents have done it all before, many times. Laws and Regulations change. Even if you have bought or sold a home before, each market has its' own trends that are hard for the average person to keep track of. Having an expert, whose living depends on being educated in all areas of real estate is crucial to a great outcome.
5. Real Estate Agents provide insight and objectivity. Since a home symbolizes family, lifestyle and security, not just bricks and mortar, buying or selling a home can be a very emotional experience. Buying a home is the biggest purchase most people will ever make in their lives. Having an objective, but understanding third party will help you keep focused on all the issues at hand, both financial and emotional.
6. Your Real Estate Agent should be a member of THE REAL ESTATE BOARD OF NEW YORK ([REBNY](#)) or the NATIONAL ASSOCIATION OF REALTORS[®], ([NAR](#)) a trade organization of more than 1 million members nationwide. These agents must adhere to a stringent code of ethics that helps ensure the highest possible level of service and integrity for all clients.

Questions to ask when choosing a Real Estate Agent

1. How long have you been in residential real estate sales? Is this a full time career for you? (Experience is no guarantee of results but real estate, like many other professions, is mostly learnt from on the job experience).
2. Do you hold any Real Estate designations? (Credentials, such as ABR, GRI and CRS[®], require that real estate professionals take specialized, additional real estate training and classes and are held by only about one-quarter of real estate practitioners).
3. Approximately how many homes did you and your company sell last year? How does that compare with other brokerages?
4. What is the average number of days it takes to find a home or to sell a home in this area?
5. How close to the original asking price did the homes you sold recently finally go for?
6. Do you intend to represent me exclusively, or do you often represent both the buyer and the seller in a transaction? It is legal for a single agent to act as a dual agent representing both parties in a deal, but it's vital you understand where the Real Estate Agents' obligations lie. A good practitioner will explain the agency relationship to you and describe the rights of each party. You may want to consider a specialty Real Estate Agent who represents either buyers or sellers exclusively.
7. Can you recommend service providers who can assist me in obtaining a mortgage, making repairs on my home and other things I need done? (Keep in mind that real estate professionals should generally recommend more than one provider and should tell you if they receive a referral from any provider).
8. How can you keep me informed on my transaction? Can you communicate with me via email if I am unable to speak on the phone? How often will I hear from you? Find out if the Real Estate Agent you are dealing with is willing to accommodate your needs and preferences ahead of their own.
9. Find out if the Real Estate Agent has testimonials from previous clients.

Preparing to purchase a Home

1. Decide realistically how much you can afford. A general rule is to look at a home that is around two or three times your gross income in value.
2. Make a wish list of features you would prefer your home to have. Then list them according to priority.
3. Locate the three or four [New York City neighborhoods](#) you would ideally like to live in. Make sure to consider such factors such as schools, recreational facilities, area development plans and transportation.
4. Ensure you have enough money saved to cover both your down payment and closing costs and well as up to one year of monthly common charges and property taxes. Closing costs, including taxes, attorney's fees, and transfer fees average between three percent and six percent of the home price.
5. Make sure your credit is in order. Obtain a copy of your credit report from all the major credit reporting bureaus, and double check them for errors.
6. Determine what size mortgage you can qualify for. Take time to explore different financing options and decide what is best and realistic for you.
7. Organize all the documentation, such as paystubs, bank statements and identification documents that a lender will need to approve a loan for you.
8. Research any special mortgage or down payment assistance programs available in your area, to see if they may be of benefit to you.
9. Calculate the costs of homeownership; include property taxes, insurance, maintenance and association fees, if they apply to your chosen property.
10. Locate an experienced [Licensed Real Estate Buyers Agent](#) who can guide you through every step of the process.



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Purchasing Timeline

Important steps you'll take in making the purchase of your new York City home or investment. For additional information regarding the buying process [visit here](#).

Mortgage Pre-Approval:

Estimated time frame: 1 - 2 days

It is important to understand how much you can afford to spend. Condo apartments typically require at least 10% down; co-op apartments generally require at least 20% down. Down payments can vary from building to building, 15% of Manhattan's buildings are condominium buildings and the other 85% are cooperatives.

Finding an apartment:

Approximate time frame: 1-6 months

Depending on what you are looking for, the length of your search will vary. The average buyer sees 15-20 apartments before deciding upon one.

Negotiation:

Approximate time frame: 3 days to 3 weeks

Everything is negotiable so inquiring about assessments, fixtures, floors, appliances, working fireplaces, washer dryers, etc.

Contract Signing:

Approximate time frame: 1-3 weeks

The seller's attorney draws up the contract of sale for the buyer's attorney; the buyer's attorney does 'due diligence' - reviewing minutes, financial statements of buildings etc. The buyers sign the contract and forward the contract with a 10% deposit, the sellers execute the contract. Possible contingencies: Financing, Board Approval, closing dates. The quicker the contract can be signed, the better. A contract is only binding after both parties sign..

Mortgage Application:

Approximate Time frame: 5 - 9 weeks

Commitment Letter from Lender. Mortgage applications cannot be processed without an executed contract. If an apartment is being financed, the board requires a commitment letter from a lender. These letters are in most cases the last items to complete a board package/condo application.

Condominium Application or Board Package:

Approximate time frame: 3 - 9 weeks

Condominiums require an application to be completed before a closing can take place. In order to review a potential purchaser, Condo applications are given to potential purchasers to fill out after a contract has been executed. If there is no financing, it generally takes about 2-4 weeks to gather the information for the condominium board application.

Coop's demand extensive information in a Board Package. Most Boards request the following detailed information: full financial disclosure with supporting documentation, employment history, current salary, personal and business references, tax returns for the previous 3 years, credit history, etc.



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Purchasing Timeline *cont...*

Submit Condo Application or Board Package for review:

Approximate time frame: 1-4 weeks

After EA completes your Board package, we will forward the finalized package to the managing agent of the building. The managing agent will inspect the package to ensure it is complete. The package will then be forwarded to the Board of Director's of the Condominium. After the board reviews the application they will decide if they would like to meet the potential purchaser.

Co-op Board Interview:

Approximate time frame: 30 minutes - 1 hour

Coop Boards typically meet once a month, and some Boards do not meet in August. Every Board is different, but generally a Board Meeting will be held in the evening on a weeknight. Although a board interview may be granted, this does not guarantee board approval.

Board Approval:

Typical time frame: 1 day - 1 week after board interview

Coop Boards typically meet once a month, and some Boards do not meet in August. Every Board is different, but generally a Board Meeting will be held in the evening on a weeknight. Although a board interview may be granted, this does not guarantee board approval.

Schedule a Closing:

Typical time frame: 1-2 weeks after board approval

Coop Boards typically meet once a month, and some Boards do not meet in August. Every Board is different, but generally a Board Meeting will be held in the evening on a weeknight. Although a board interview may be granted, this does not guarantee board approval.



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How much Mortgage can I afford?

Owning a home makes great financial sense, as well as providing a solid foundation for your family's future.

This basic calculator assumes a 28 percent income tax bracket. If your bracket is higher, your savings will be too.

Rent: _____

Multiplier: X 1.32

Mortgage payment: _____

Thanks to tax deductions, you can usually manage a mortgage payment—including taxes and insurance—that is approximately one-third larger than your current rental payment and end up with the same amount of income.

For more help, use Elika's ([Mortgage Calculator](#))

Useful Links

- Mortgage Rates: <http://www.elikaassociates.com/mortgage-financing.php>
- Purchase Cost Analysis: <http://www.elikaassociates.com/new/calculator.php>

Common first time buyer mistakes

1. Failing to shop around for a lender and missing out on the best possible deal available.
2. Failing to come to a timely decision on an offer and losing the property to someone else.
3. Trying to cut costs by going it alone and failing to find the right real estate agent that could have helped every step of the way in the home buying process.
4. Not knowing how to make the offer attractive to a seller.
5. Failing to consider resale value before they buy. The average first-time buyer only stays in that first property for four years.

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How hi-tech is the property?

If the latest technology options are an important consideration in choosing your new home, add the following to your buyer's checklist;

1. Is the home equipped with the right jacks for Internet access and Cable TV?
2. Does the home have enough telephone jacks already in place?
3. Is the apartment prewired for a home theater system?
4. Is the wiring already in place for DSL or Cable Internet Access?
5. Is the heating system multizone? Are both heat and cooling features in place?
6. Does the apartment have multi-room lighting controls, window-covering controls, or other home automation features?
7. Is the home wired with multi-purpose in-wall wiring that allows for re-configurations to update services as technology changes?

Visit the Consumer Electronics Association (http://www.ce.org/Press/CEA_Pubs/2118.asp) for a complete Tech Home™ Rating Checklist.



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How comprehensive is your Home Warranty?

Check any home warranty policy to determine which of the following items are covered. Also check whether the policy will cover the full replacement cost of these items;

- Dishwasher
- Stove/Cook top/Ovens
- Microwave
- Refrigerator
- Washer/Dryer
- Air Conditioning
- Heating System

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10 Questions to ask the Condo Board

Before you buy, contact the condo board with the following questions. This will also help you learn how responsive and organized its members are.

1. What percentage of units is owner-occupied? What percentage is rented out to tenants? Usually, the higher the percentage of owner-occupied units, the more marketable the units will be at the time of resale.
2. What bylaws and restrictions govern the property? What grandfather clauses are in place? You may find, for instance, that those who buy a property after a certain date can't rent out their units, but buyers who bought earlier can. Obtain a copy of the bylaws and it is advisable to have an attorney review property documents, including the master deed.
3. How much money does the association keep in reserve? How is that being invested?
4. Are association assessments keeping pace with the annual rate of inflation? Good boards raise assessments a certain percentage each year to build reserves to fund future repairs. To determine if the assessment is reasonable, compare the rate to others in the area.
5. What does and doesn't the assessment cover eg: common area maintenance, recreational facilities, trash collection and snow removal?
6. What special assessments have been mandated in the past five years? How much was each owner responsible for? Some assessments are unavoidable but repeated, expensive assessments could be a red flag about the condition of the building or the board's general financial policies.
7. What is the building's turnover rate?
8. Is the building involved in any litigation? If the developers or homeowners are involved in a lawsuit, reserves can be depleted.
9. Is the developer reputable? Find out what other projects the developer has worked on and visit one if you can. Request an engineer's report for developments that have been re converted from other uses, to determine what shape the building is in. If the roof, windows and bricks aren't in good repair, they become your problem once you buy.
10. Are there multiple associations involved in the property? In some large developments, umbrella associations, as well as the smaller association into which you're buying, may require separate assessments.

10 Questions to ask your Lender

1. What loan products do you offer?
2. Which type of mortgage plan do you feel would be best for me and why?
3. Are your rates, terms, fees and closing costs negotiable?
4. Will I be required to buy private mortgage insurance? If so, how much will it cost and how long must I carry it?
NOTE: Private mortgage insurance is usually required if you make less than a 20 percent down payment, but most lenders will let you discontinue the policy when you've acquired a certain amount of equity by paying down the loan.
5. Does your bank service the loan, or is it done through a third party?
6. What are your escrow requirements?
7. How long is your loan lock-in period (the time that the quoted interest rate would be honored)? Will I be able to obtain a lower rate if they drop during this period?
8. How long can I expect the loan process to take?
9. How long does it typically take to close a loan?
10. Am I going to be charged a fee or penalty for prepaying the loan?

10 things a lender will need from you

1. W-2 forms for at least the last two years for everybody who intends to appear on the loan (1099s if you are self employed).
2. Copies of at least one month's paystubs from each person signing the loan.
3. Copies of four months of bank statements, both checking and savings.
4. Copies of personal tax forms for the last two to three years.
5. Copies of brokerage account statements for two to four months, as well as a list of any other major assets of value e.g. stocks or bonds not held in a brokerage account.
6. Copies of your most recent 401(k) or other retirement account statement.
7. Documentation to verify additional income, such as pensions or child support.
8. Account numbers of and documentation of the outstanding balances on all your credit cards.
9. Lender, loan number and amount still owing on other installment loans such as student or car loans.
10. The full addresses of where you have resided for the last five to seven years, with names of landlords, if applicable.

Alternative ways to afford a Home

If your income and savings are making home buying a challenge, consider these options;

1. Investigate local, state and national down payment assistance programs. These programs give loans or grants to cover all or part of your required down payment. National programs include the Nehemiah program (<http://www.getdownpayment.com>) and the American Dream Down Payment Fund from the U.S. Department of Housing and Urban Development (<http://www.hud.gov>).
2. Ask the seller to provide financing. In some cases, sellers may be willing to finance all or a part of the purchase price of the home and let you repay them gradually, just as you would a traditional mortgage.
3. Consider a shared-appreciation, or shared equity arrangement. Under this arrangement, your family, friends or even a third-party buys a portion of the home and thus would share in any appreciation when the home is sold. The main owner/occupant usually pays the mortgage, property taxes and maintenance costs, but all the investors' names are usually on the mortgage. There are companies that can help you find such an investor if your family can't participate.
4. Ask for help from your family. Maybe a family member would be willing to loan you money for the down payment or act as a cosigner for the mortgage. Lenders often prefer to have a cosigner if you have a limited credit history.
5. Lease with the option to buy. Renting a home for a year or more will give you the chance to save more money toward your down payment. In many instances, property owners will apply some of the rental amount paid toward the purchase price. You usually have to pay a small, nonrefundable option fee to the owner.
6. See if you can qualify for a short-term second mortgage to give you the money to make a higher down payment. This may only be possible if you have a good income and carry very little additional debt.

Variables that will affect your Loan

- **Mortgage term.** Mortgages are available in 7, 15, 20, or 30 year terms. The longer term mortgages mean a lower monthly payment, but the longer the term the more interest you will pay.
- **Fixed or adjustable interest rates.** A fixed rate allows you to lock in a low rate for as long as you hold the mortgage and is usually a good choice if interest rates are low. An adjustable-rate mortgage (ARM) is designed so that mortgage rates will rise as interest rates increase; however they usually offer a lower rate in the first years of the mortgage. ARMs also usually have a limit as to how much the interest rate can be increased and how frequently they can be raised. ARMs are a good choice when interest rates are high or when you expect your income to grow significantly in the coming years.
- **Interest only mortgages.** Interest only mortgages offer low interest rates for a short period of time—often three to seven years. Payments usually cover only the interest, so the principal owed is not reduced. However, this type of loan may be a good choice if you think you will sell your home in a few years.
- **Government-backed loans.** Government-backed loans, sponsored by agencies such as the Federal Housing Administration (www.fha.gov) or the U.S. Department of Veterans Affairs (www.va.gov), offer special terms, including lower down payments or reduced interest rates to qualified buyers.

Slight variations in interest rates, loan amounts and terms can significantly affect your monthly payment. For help in determining how much your monthly payment will be for various loan amounts contact your local Mortgage Broker or Loan Officer.

Understanding Homeowners Insurance

1. **Beware of coverage exclusions.** Most insurance policies do not usually cover flood or earthquake damage as a standard item. Normally, you would have to buy separate insurance to cover weather related incidents such as these.
2. **Know the dollar limitations.** Even if you are covered for a risk, there very well may be a limit on just how much the insurer will pay. For instance, many policies limit the amount paid for stolen jewelry unless items are insured separately.
3. **Know what replacement cost means.** If your [New York City Apartment](#) is destroyed you'll receive money to replace it only to the maximum of your coverage, so be sure you have enough. This means that if your home is insured for \$550,000 and it costs \$680,000 to replace it, you would still only receive \$550,000.
4. **Understand actual cash value.** If you choose not to replace your home if it is destroyed, you'll receive replacement cost, less depreciation. This is called actual cash value.
5. **Understand liability.** Your homeowners insurance covers you for accidents that happen to other people on your property, including medical care, court costs and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Discuss with an insurance agent how much coverage you really need.

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How to lower your Homeowners insurance costs

1. **Carry a higher deductible.** If you can afford to pay more towards a loss that occurs, your monthly premium will be lower.
2. **Use the same company to insure your home and your auto.** This will usually qualify you for a discount. Just make sure that the savings really yields the lowest price.
3. **Carry enough insurance.** Remember, you're covering replacement cost not market value if your home is destroyed.
4. **Research other discounts.** For example, retirees who are home more than working people may qualify for a discount on theft insurance.
5. **Stick with the same Insurer.** Especially in today's tight insurance market, your current vendor is more likely to give you a good price.
6. **Use your professional or social affiliations.** Some associations, alumni groups and corporations offer lower insurance rates to their affiliates.
7. **Review your insurance policies every year.** Some items may have depreciated in value and may not need as much coverage.

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Understanding Title Insurance

1. This insurance protects your ownership rights to your home both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as a mistake in the spelling of a person's name or an inaccurate description of the home.
2. It is a one time expense, based usually on the purchase price of the property.
3. Typically, it is an expense paid for by the Buyer.
4. Your lender will probably require a lender policy, to protect their interests in the property as well as the owner title policy, which protects yours.
5. You may receive a discount on premiums if the home has been resold within the last few years as not as much work will be required to check the title. Check with the title search company if such a discount is available to you.

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Negotiating

Knowledge is power. Negotiate to close a deal not kill it. Firstly you must do your research and pull comparables within a one mile area specific to the type of property you plan to purchase. Run a search on comparable properties sold within the last 6 months to establish a negotiation value. Much of the offer will also depend on current and local market conditions, interest rates, cash or financing and overall sentiment.

Tips:

- Find out the sellers reason for selling
- Analyze the condition of the property.
- Research and Analyze comparables.
- Submit an offer letter.
- Once the seller responds submit your counter offer. Be flexibility in achieving a deal.
- All changes in price need to be documented and disclosed to your attorney immediately.
- Keep a detailed record or any and all changes.

Negotiating will not always be possible however there is no harm in trying especially in today's market.

Important Tips

- You make money when you purchase real estate for the right price
- Find common ground with the other side
- Be a nice person to deal with
- Use low-ball offers cautiously
- Use facts to support your negotiations

Useful Links:

ACRIS – New York City Property Records: <http://www.nyc.gov/html/dof/html/jump/acris.shtml>

What to lookout for on your final walk-through

- Any repairs you asked for have been made. Ask for copies of all bills and any related warranties
- Everything that was included in the sales agreement is still there, such as furnishings and appliances
- All the included appliances are functioning
- The heating system and hot water heaters are functioning
- HVAC is working
- Instruction books and warranties on appliances and fixtures are there
- All personal items of the sellers and all debris has been removed

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Common Closing costs for Buyers

The lender must disclose a good faith estimate of all settlement costs before closing. A cashier's check is usually mandatory to pay for all the closing costs. The title company or other entity conducting the closing will calculate the final amount required to cover;

- Down payment
- Loan origination fees
- Points, or loan discount fees, you pay to receive a lower interest rate
- Appraisal fee
- Credit report
- Private mortgage insurance premium
- Insurance escrow for homeowners insurance, if being paid as part of the mortgage
- Property tax escrow, if being paid as part of the mortgage. Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage and then pay the insurance or taxes for you
- Deed recording fees
- Title insurance policy premiums
- Survey
- Inspection fees—building inspection, termites, etc.
- Notary fees
- Proration for your share of costs, such as utility bills and property taxes

A Note about Proration: Because such costs are usually paid on either a monthly or annual basis, you may have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, a gas company usually sends a bill each month for the gas used during the previous month. But assume you buy the home on the 6th of the month, you would owe the gas company for only the days from the 6th to the end for the month. The seller would owe for the first five days. The bill would be pro-rated for the number of days in the month and then each person would be responsible for the days of his or her ownership.

More Info: [New York City Closing Costs](#)

Condominium Closing Costs

Own Attorney	\$1,500 + up
Managing Agent Application Fee	\$500
Credit Report Fee	\$75 - \$100 per applicant
Lead Based Paint Disclosure Fee	\$0 - \$50
Mansion Tax	1% of purchase price when \$1 million +
Move-in Deposit	\$500 - \$1,000 (refundable if no damage)
Common charges, real estate taxes and insurance	pro rated as of closing
Mortgage Associated Fees:	
Recording Tax Sales under \$500,000	1.8% of entire mortgage
Recording Tax Sales over \$500,000	1.925% of entire mortgage
Application, Credit Check, etc.	\$500 + up
Appraisal	\$250 + up
Bank Attorney	\$500 + up
UCC-1 Filing	\$50 + up
Recognition Agreement Fee	\$200 + up
Lien Search	\$350.00
Fee Title Insurance	Approx. \$450 per \$100,000
Mortgage Title Insurance:	Approx. \$200 per \$100,000
Recording Fees	\$200 - \$300
Origination Costs - Points	0-3% of loan value
Departmental Searches	\$200 - \$400
Real Estate Tax Escrow	2-6 months
If Purchased Directly from Sponsor	<i>*New Developments</i>
NYC Property Transfer Tax	1% of purchase price up to \$500,000 1.425% of purchase price over \$500,000
NYS Transfer Tax	\$4 per \$1,000 of the purchase price
Sponsor's Attorney Fee	\$1,500

Co-operative Closing Costs

Own Attorney:	Consult your attorney
Bank Fees:	Points: 0% to 3% of loan value
Application, credit check, etc:	\$500+
Bank Attorney:	\$695
Miscellaneous Bank Fees:	\$500+
Lien Search:	\$300
UCC-1 Filing:	\$100
Appraisal Fee:	\$300+
Application Fee (Credit Report/Appraisal):	\$500+
	Short Term Interest; Equal to interest for balance of month in which you close.
Move-in Deposit:	One time fee of \$500.00+
Recognition Agreement Fee:	\$200
Maintenance Adjustment:	Pro-rated for the months of closing.
Mansion Tax:	1% of entire purchase price where price is \$1,000,000 or more.

Note: Inquire with bank/mortgage broker for additional fees . NY State Law requires a written letter of engagement if the legal fee will exceed \$3,000. Non New York State residents should procure exemption for state transfer tax forms. Projections above are only estimates. Please confirm all closing costs for specific transactions with your attorney and/or mortgage representative.

Useful Information:

- [New York City Condos](#)
- [New York City Co-ops](#)

Closing Documents

- The Real Estate Settlement Procedures Act ([RESPA](#)) statement. This form, sometimes called a HUD 1 statement, itemizes all the costs associated with the closing. You'll need this for income tax purposes as well as when you sell the property
- The Truth in Lending Statement summarizes the terms of your mortgage loan
- The mortgage and the note (two pieces of paper) spell out the legal terms of your mortgage obligation and the agreed-upon repayment terms
- The deed transfers ownership of the property to you
- Affidavits swearing to various statements by either party. For example, the sellers will often sign an affidavit stating that they have not incurred any liens on the property
- Riders are amendments to the sales contract that affect your rights. For example, if you buy a condominium, you may have a rider outline the condo association's rules and restrictions
- Insurance policies provide a record and proof of your coverage

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Tips: Packing like a Pro

1. Make a master “To Do” list, to insure you do not forget anything vital.
2. Sort through all your belongings and dispose of what you really do not need. Consider donating unwanted items to charity.
3. Box and pack like items together. Put toys with toys, kitchen utensils with kitchen utensils etc.
4. Precious items such as family photos, valuable breakables and essential supplies should probably stay with you.
5. Pack items in the right size boxes. Breakage is more likely if items are loosely packed.
6. Keep weight under 50 lbs if possible. Try to put heavy items in the smallest box possible, so they are easier to carry.
7. Don’t over stuff boxes, as that increase the chance that the box itself will break.
8. Wrap fragile items individually and try to pad the sides of the box to protect from breakage.
9. Label boxes clearly on all sides. You never know how they’ll be stacked and you don’t want to have to move other boxes aside to find out what’s there.
10. Use color-coded labels to indicate which room each item should go in. Color-code a floor plan of your new apartment to help movers.
11. Keep your moving documents together, including phone numbers, driver’s name and van number. Also keep your address book handy.
12. Back up your computer files before moving your computer.
13. Check each box and all furniture for damage as soon as it arrives.
14. Remember, most moving companies will not move plants.

New York City Moving Companies:

[Flat Rate Movers](#)

Tel: 212-988-9292

[Oz Moving](#)

Tel: 866-WIZARD-OZ

[Moishe's Moving systems](#)

Tel: 800-842-3445

[Shleppers Moving and Storage](#)

Tel: 212-223-4004

[U-Haul](#)

Tel: 800-468-4285

Understanding Agency

It's important that you understand what kind of legal responsibilities your real estate salesperson has to you and to other parties in the transaction. Ask your salesperson to explain clearly what type of agency relationship they have with you and with the brokerage company.

1. **Seller's representative** (also known as a listing agent or seller's agent). A seller's agent is hired by and represents the seller. All fiduciary duties are owed to the seller. The agency relationship usually is created by a listing agreement.
2. **Subagent**. A subagent owes the same fiduciary duties to the agent's principal as the agent does. Sub agency usually arises when a cooperating sales associate from another brokerage, who is not representing the buyer as a buyer's representative or operating in a non agency relationship, shows property to a buyer. In such a case, the subagent works with the buyer as a customer but owes fiduciary duties to the listing broker and the seller. Although a subagent cannot assist the buyer in any way that would be detrimental to the seller, a buyer-customer can expect to be treated honestly by the subagent. It is important that subagents fully explain their duties to buyers.
3. **Buyer's representative** (also known as a buyer's agent). Is a real estate licensee who is hired by prospective buyers to represent them in a real estate transaction. The buyer's rep works in the buyer's best interest throughout the transaction and owes fiduciary duties to the buyer. The buyer can pay the licensee directly through a negotiated fee, or the buyer's rep may be paid by the seller or by a commission split with the listing broker.
4. **Disclosed dual agent**. Dual agency is a relationship in which the brokerage firm represents both the buyer and the seller in the same real estate transaction. Dual agency relationships do not carry with them all of the traditional fiduciary duties to the clients. Instead, dual agents owe limited fiduciary duties. Because of the potential for conflicts of interest in a dual-agency relationship, it's vital that all parties give their informed consent. In many states, this consent must be in writing. Disclosed dual agency, in which both the buyer and the seller are told that the agent is representing both of them, is legal in most states.
5. **Designated agent** (also called, among other things, appointed agency). This is a brokerage practice that allows the managing broker to designate which licensees in the brokerage will act as an agent of the seller and which will act as an agent of the buyer. Designated agency avoids the problem of creating a dual-agency relationship for licensees at the brokerage. The designated agents give their clients full representation, with all of the attendant fiduciary duties. The broker still has the responsibility of supervising both groups of licensees.
6. **Nonagency relationship** (called, among other things, a transaction broker or facilitator). Some states permit a real estate licensee to have a type of non-agency relationship with a consumer. These relationships vary considerably from state to state. Both, as to the duties owed to the consumer and the name used to describe them. Very generally, the duties owed to the consumer in a non-agency relationship are less than the complete, traditional fiduciary duties of an agency relationship.

New York City Important Phone Numbers

Housing

Electrical/Steam Emergency	212-683-0862
Gas Leaks	212-683-8830
Heat Complaints	212-960-4800

Settling In

Verizon	212-890-2350
Con Ed	800-752-6633
Time Warner Cable	800-652-2253
Driver's License	212-645-5550
Renter's Insurance	716-675-8100
Buses and Subways	718-330-1234
All Emergency Locksmith	800-757-9647
Voter Registration	212-886-3800
Public School Info.	718-935-2000
Library Cards/Hours	212-930-0800
US Postal Information.	212-967-8585

Income Tax

NYC & State	718-935-6000
Federal	800-829-1040

Motor Vehicles

Parking Violations	212-477-4430
Towed Away Cars	212-566-6014

Telephone

Information	411
Repairs	611
Annoyance Call	212-890-6200
Time	212-976-1616
Weather	212-976-1212

Street

Potholes	212-768-4653
Streetlights	212-566-2525
Water and Sewer	718-699-9811



Official New York City Housing Websites

- New York City Housing Authority: <http://www.nyc.gov/html/nycha/html/home/home.shtml>
- New York City Housing Development Corporation: <http://www.nychdc.com/#>
- New York City Rent Guidelines Board: <http://www.housingnyc.com/>
- New York City Housing and Vacancy Survey: <http://www.census.gov/hhes/www/housing/nychvs/nychvs.html>
- Neighborhood Housing Services of New York City: <http://www.nhsnyc.org/>
- New York State Division of Housing and Community Renewal: <http://www.dhcr.state.ny.us/>

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