NEW YORK

NYC FIRST-TIME HOMEBUYER GUIDE

Everything you need to know before you make an offer in one of the world's most complex real estate markets.

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WHAT MAKES NYC DIFFERENT

NYC real estate operates under rules that apply nowhere else in the US. Understanding these before you start searching will save you time, money, and frustration.

- **You need a real estate attorney.** New York is an attorney-review state. Lawyers — not agents — negotiate and execute contracts. Budget $2,500–$5,000.
- **Co-ops dominate.** ~75% of NYC apartments are co-ops. They are priced lower but come with board approval, strict financial requirements, and subletting rules.
- **Buyer's brokers are free to you** in most transactions — the seller pays. There is no reason not to have exclusive representation.
- **Closing costs are significant.** Expect 2–5% on condos, 1–2% on co-ops — before your down payment.
- **The market moves fast.** Desirable units go in days. Being fully pre-approved is mandatory.

CO-OP VS. CONDO — KNOW THE DIFFERENCE

This is the single most important decision in NYC real estate. Most buyers default to condos without understanding co-ops — that is a mistake if budget is a concern.

Factor	Co-op	Condo
What you own	Shares in a corporation	Real property with deed
Board approval	Required — invasive process	Right of first refusal only
Price	Typically 10–20% lower	Higher / market rate
Financing	Stricter; no FHA/VA loans	More flexible; FHA/VA OK
Monthly fees	Maintenance (incl. taxes)	Common charges + taxes separately
Subletting	Heavily restricted	Usually allowed
Mortgage recording tax	Exempt	~1.8–1.925% of loan
Share of market	~75% of NYC apartments	~25% of NYC apartments

Co-op board rejections happen and sellers are legally not required to disclose the reason. Read the board minutes and financials before falling in love with a unit.

THE BUYING PROCESS — STEP BY STEP

NYC closings are slower than the national average. Plan for 3–6 months from search to keys.

01	1–2 months	**Get finances in order** Check credit (aim 700+, target 740+). Pay down debt. Gather 2 years tax returns, W-2s, pay stubs, and bank statements.
02	1–2 months	**Get pre-approved** Shop 3+ lenders. Compare APR, not just rate. Full pre-approval required — pre-quals carry no weight in NYC.
03	2–4 months	**Search and make offers** Work with a buyer's broker who specializes in your target neighborhood. Know your must-haves vs. nice-to-haves.
04	1–2 weeks	**Go into contract** Your real estate attorney reviews and negotiates. You pay 10% deposit at signing. Verbal agreements mean nothing.
05	45–90 days	**Due diligence and close** Co-op board approval takes 4–8 weeks and can kill a deal late. Order inspection, finalize mortgage, clear title (condos), close.

FINANCIAL PREPARATION

Credit score target	700+ preferred; 740+ for best rates. Check all 3 bureaus.
Debt-to-income (DTI)	Most lenders want under 43%. Co-ops often require 25–28%.
Down payment	20% is the practical floor for co-ops. Condos can go to 10% (FHA: 3.5%).
Liquid reserves (co-ops)	Many boards require 1–2 years of maintenance in post-closing liquidity.
Pre-approval	Full pre-approval required — credit pulled, documents verified.
First-time buyer programs	NYC HPD HomeFirst: up to $100K. SONYMA: below-market 30-yr fixed rates.

THE TRUE COST OF BUYING IN NYC

Most first-time buyers dramatically underestimate closing costs. Use this as a planning reference.

Cost Item	Typical Range	Who Pays	Notes
Down payment — Co-op	20–25% of price	Buyer	Some buildings require 25–30%
Down payment — Condo	10–20% of price	Buyer	FHA loans possible at 3.5%
Mansion tax	1% of purchase price	Buyer	On purchases $1M and over
Mortgage recording tax	~1.8–1.925%	Buyer	Condos only — co-ops exempt
Title insurance	$2,000–$5,000+	Buyer	Condos and houses only
Attorney fees	$2,500–$5,000	Buyer	Required in NY — do not skip
NYC transfer tax	1–1.425%	Seller	Usually paid by seller
Flip tax (co-op)	1–3% of sale price	Seller	Ask upfront
Home inspection	$500–$1,200	Buyer	Never skip condos or houses
Move-in deposit	$500–$1,000	Buyer	Refundable building fee
Board application fees	$500–$1,500	Buyer	Co-ops only

Budget 3–6 months of carrying costs as an emergency reserve before closing.

RED FLAGS — WALK AWAY

- Co-op with high underlying mortgage — maintenance will spike on refinance.
- Building with active litigation — title insurers and lenders may refuse.
- Reserve fund under 10% of annual budget — a special assessment is coming.
- Condo with 30%+ rentals — Fannie Mae will not back your mortgage.
- Seller refuses inspection — walk away regardless of how much you love the unit.
- Rushed timeline pressure — legitimate sellers do not need you to skip due diligence.

PRE-CLOSE CHECKLIST

- ■ Attorney hired and contract reviewed
- ■ Mortgage commitment letter received
- ■ Homeowner's / co-op insurance bound
- ■ Title search clear (condos and houses)
- ■ Building financials and board minutes reviewed
- ■ Co-op board application approved
- ■ Final walkthrough completed
- ■ Wire transfer / certified funds arranged

■ Utility transfers scheduled

■ Move-in reservation booked with building

Ready to find your home?

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