

## Condos vs Co-ops

### **Condominium (Condo)**

- The owner of a Condo owns “real property” and holds a deed to the home.
- Owners pay Real Estate Taxes directly to the city and Common Charges to the condo / management company for building operation costs.
- While the building application process is often identical to that of Co-ops in NYC, a Condo cannot “reject” an application to buy/rent. They can only exercise their Right of First Refusal and buy/rent the apartment under the same terms on the contract.
- Condos can allow lower down payments and flexible financing options: if the bank approves your financing, the condo cannot reject you.
- Because of this, Condos are often more investor friendly and have more rental tenants.
- If you are taking out a mortgage on a condo, keep in mind that there is a hefty mortgage recording tax that will increase your closing costs in comparison to a Coop. Talk to Dillon about potentially reducing this tax using a CEMA.

### **Cooperative (Co-op or Coop)**

- Owners in co-ops own shares/stock in a corporation that owns the building and are given a proprietary lease to occupy their unit.
- Owners pay one monthly Maintenance Fee to the co-op / management company that includes building operation costs AND Real Estate Taxes.  
(Management sends a statement each year with the owner’s portion of Real Estate Tax paid for personal income tax deduction purposes)
- Co-op boards do have the ability to refuse applicants and do not have to disclose their reasoning (This is why ALL agents involved in a sale will work together to put the purchaser’s best foot forward on the application).
- Co-ops usually require a minimum of 20% down, but some require larger down payments.
- Co-ops usually have sublet policies that limit how often an owner can rent out their apartment (ie: 2 out of every 5 years of ownership, unlimited after 2 years of ownerships, etc), which is why most co-ops are more owner-occupied than condos.

During the sales process, your Real Estate Attorney will review the building’s lengthy documents to ensure the written policies are standard / fair and the building’s finances are healthy before advising you to sign the Contract of Sale.