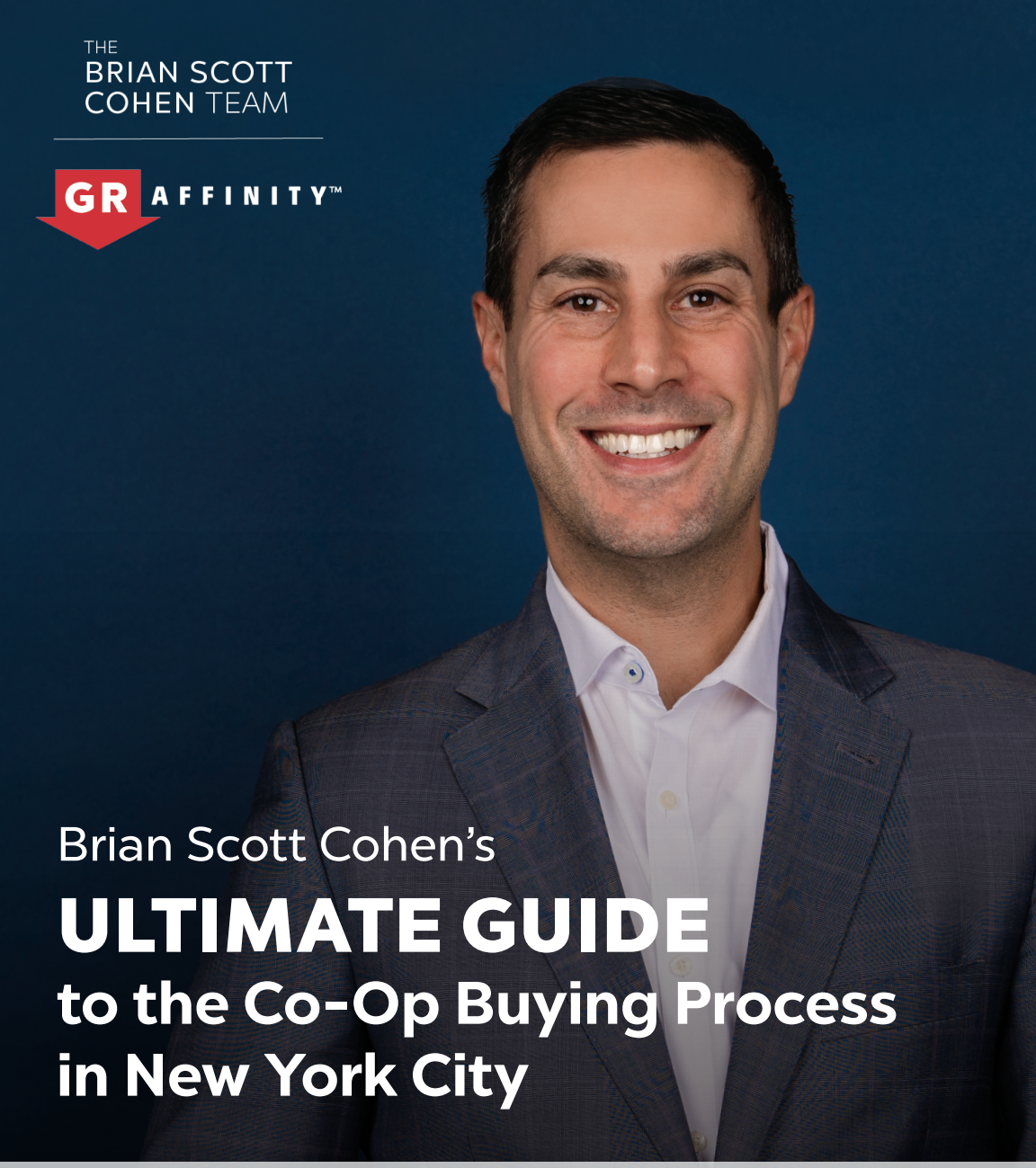
THE
BRIAN SCOTT
COHEN TEAM

GR AFFINITY™



Brian Scott Cohen's

ULTIMATE GUIDE

to the Co-Op Buying Process in New York City

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Hi,

I put together this First-Time Co-Op Homebuyers guide to help your clients through the co-op buying process. As we know, it can be stressful and confusing.

I'll walk you through the process, the pros, and the cons so your clients are fully prepared to make informed decisions.

As always, feel free to contact me if you have questions about a specific co-op that your clients are interested in or are curious if Guaranteed Rate Affinity can lend in the co-op.

Best,
Brian

P.S. Don't forget to check out some of my recent social videos on Instagram and TikTok, @BrianScottCohen

An Overview

In NYC, a co-op building is a corporation. Each apartment owner is a shareholder within the corporation. The larger the apartment, the more shares you own. The smaller the apartment, the fewer shares you own. As a shareholder, it is your responsibility to maintain and upkeep your unit.

The Board of Directors is elected every few years to maintain the financial health of the building and to ensure everything runs smoothly. I'll get into this later, but after the Board reviews your application, they will invite you to an interview to complete the vetting process.

Separately, should a building-decision need to be made, an upgrade to the lobby, new gym equipment, etc., the Board will ask the shareholders to vote to arrive at a decision. The shareholders who own more shares in the cooperation (those with larger apartments) will hold more weight than those shareholders who own a smaller unit within the cooperation (those with smaller apartments).





Funding a Co-Op Loan

There are a few things to keep in mind from a mortgage perspective.*

- Some lenders specialize in cooperative loans.
- Some lenders require a certain percentage of the co-op to be sold.
- Co-ops may require anywhere between a 10% - 50% down payment because you'll be held liable for the cooperation's debts and expenses.
- Financing options in co-ops can be more limited.
- The lenders will usually ask for the cooperative's finances beforehand to minimize the risk of lending.

*Source: https://www.bankrate.com/real-estate/what-is-a-co-op/

The Steps to Buying a Co-Op in NYC

1. Select a real estate agent you trust.
2. Apply online with a loan officer you trust to get pre-approved. Usually, your real estate agent will have a list of lenders for you to consider if needed.
3. After you're pre-approved, request a commitment letter from your loan officer.
4. Search with your real estate agent for a co-op within your budget.
5. Make an offer on an apartment that meets your criteria.
6. Your agent will negotiate accordingly.
7. Speak with your loan officer to discuss the type of loan that makes the most sense for you.
8. Select a lawyer you trust. Have them review the Deal Sheet and anything you're required to sign.
9. Your lawyer should request the co-op board's meeting minutes, review, and share their notes with you.
10. Gather all documentation for your co-op application. Your real estate agent will guide you.



Notes:

- This is a time-consuming process that generally takes one to two weeks to gather all documentation to submit. Set your expectations accordingly.
- The co-op board is a group of people who are elected by the co-op's shareholders. They typically meet as frequently as needed, and are not paid to be on the board. It could take up to 30 days for the co-op board to review your application.
- It's highly recommended that you do not sign anything without your lawyer's consent.
- The co-op has to meet the lender eligibility requirements



11. Your agent will review your co-op board application and submit to the managing agent.

12. The managing agent of the building will submit to the co-op board.

13. Your agent will prepare you for the board interview. The point of the board interview is to vet all applicants and to make sure you're a good candidate for the corporation.

14. The board will make a decision to accept or reject you based on your interview and application. They will inform the Managing Agent of the co-op who will contact you regarding the last few steps.

15. If you've been accepted, congratulations! Now, you should inform your lawyer and real estate agent so you can schedule a closing date and sign the last few documents.

16. The seller's attorney will initiate the stock transfer (so it's in your name) and work with the Closing Department on the last couple of important documents.

17. Remember to schedule a final walk-through before you officially close.

18. Now it's time to schedule a move-in date with the building!

If you've been rejected...

It's unfortunate, but it does happen. The co-op board does not have to disclose why you've been rejected and it could be for any reason.

It's important to take time to discuss your options with your real estate agent and try not to make rash decisions because you've been rejected. Condos are generally listed for 20-30% more compared to co-ops. Condos are often viewed as a "less intrusive" form of ownership because they don't usually ask you to disclose every detail about your personal life and financial health.



The Pros and Cons of Buying a Co-Op

Pros

- The listing price is usually less than condos.*
- You are becoming a shareholder in a cooperation, so your vote counts when the board asks shareholders for their opinions.
- You're committing to becoming part of a community.
- Everyone in the building is thoroughly vetted.

Cons

- The process is intense and the co-op board will ask you every detail about your personal life and financial health.
- It usually takes several weeks from the time that you collect all paperwork to when you can expect the board interview.
- There's a board interview and they could reject you for any reason without explanation.

Don't be discouraged by the process.
Everyone has a different experience. That's why finding a real estate agent and loan officer you trust (with experience) is essential.

*Source: https://www.investopedia.com/articles/personal-finance/090115/living-new-york-city-coops-vs-condos.

Contact me today to learn about the co-ops I already have pre-approved for financing.



Borrower Testimonials

"Solution-oriented, effective, and efficient; incredibly friendly." — Thomas K.

"Thank you for all your help and making it a seamless process from start to finish and always answering our questions/concerns." — Adam B.

"Best mortgage financing experience ever! Brian's entire team was amazing." — Jeffrey B.

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Applicant subject to credit and underwriting approval. Not all applicants will be approved for financing. Receipt of application does not represent an approval for financing or interest rate guarantee. Restrictions may apply, contact Guaranteed Rate Affinity for current rates and for more information.



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Operating in the state of New York as GR Affinity, LLC in lieu of the legal name Guaranteed Rate Affinity, LLC.