

WHAT YOU NEED TO GET INTO A CO-OP

You must supply detailed personal and financial information to get approval from the co-op's board of directors. Applicants must fill out a "board package" that includes two years of tax returns with W-2 forms, 1099s, and K-1 forms delineating all partnership income. You must also provide a detailed financial statement and list of your assets.

If you have any investments, the co-op board will need documentation for each one. For example, you would need to provide a market analysis and copy of the lease for any rental property you own. A comprehensive board package will also include a commitment from a lender for any proposed financing. An accountant or financial expert can help you assemble this part of your package.

In addition to your financial information, your board package usually will require a minimum of three letters of personal reference. After submitting your completed package, you must submit to an interview with the co-op board's

selection committee. Families are often asked to bring children along so the board can meet all the prospective residents. These interviews can include both personal and financial questions.

While sales of New York City co-ops have slowed due to the collapse of subprime loans and the global financial crisis, many co-op boards have become increasingly stringent with their financial requirements for prospective owners. Experts believe this is because boards would rather protect their current residents than make potentially risky real estate sales.

THE ADVANTAGES AND DISADVANTAGES OF OWNING A CO-OP

Though the application process is rigorous, there are many advantages to owning a co-op.

Co-op boards are very strict about choosing buyers who will be considerate neighbors and take care of their maintenance issues promptly. This creates a high-quality living environment for everyone in the building.

CO-OP BOARDS MAY ALSO ENFORCE “FLIP TAXES” ON THE SALE OF A UNIT IF PERMITTED BY THE CO-OP’S BYLAWS

Unfortunately, the same rules that keep your neighbors in line can feel very controlling if you want to make certain cosmetic changes to your living space. If you bristle at the idea of having restrictions on your paint colors or balcony decorations, co-op living may not be for you.

Disagreements between co-op neighbors typically center on the spending of monies and what decorations are allowed. Experts say there’s usually a division between owners who want to keep costs down and those who are willing to pay more to ensure quality.

The laws that govern co-op issues are always evolving. Most recently, courts have ruled that a co-op board’s decision cannot be questioned in court, that it does not have to provide a reason for turning down prospective owners, and that it can evict disruptive neighbors. Co-op boards may also enforce “flip taxes” on the sale of a unit if permitted by the co-op’s bylaws.

Since the end of 2009, the co-op market in Manhattan has rebounded from the sluggish economy of 2007 and 2008. In

the second quarter of 2014, Manhattan co-ops saw average price gains (17%) and increases in the average price per square foot (16%). The average price per square foot rose to \$1,019 – for the first time surpassing \$1,000 per square foot. The quarter median price also rose 8% over the previous year.

CO-OP BOARD INTERVIEW TIPS

While co-ops are more plentiful than condos and less expensive, their approval process is far more rigorous. The purpose of the interview can vary widely—some boards view it merely as a formality after approving an application, but others use it as an opportunity to scrutinize candidates and their financials. Here are 12 tips to help ensure your interview goes well:

+ DRESS CONSERVATIVELY

Men should wear a suit and tie, and women should wear a professional dress or suit with minimal jewelry.

+ BE ON TIME

Keeping a board waiting will not serve you well, so try to show up early. Also understand this is a time-consuming process, so be patient with the board.

+ EXPECT PERSONAL QUESTIONS

Be prepared to field personal questions without getting defensive. Remember that the board is simply trying to determine what kind of neighbor you'll make.

+ FAMILIARIZE YOURSELF WITH YOUR FINANCES

Going into the interview, you should know your financial statement like the back of your hand and be prepared to answer questions about it.

+ SOLIDARITY IS IMPORTANT

If the board is interviewing you with your husband, wife, or partner, make sure you're all on the same page so you don't interrupt or contradict one another.

+ DON'T ASK QUESTIONS

For the most part, the board should

have answered your questions prior to your signing a contract. Now is their time to ask you questions. For guidance, see the Most Often-Asked Questions section.

+ DON'T MENTION RENOVATIONS

Unless asked, don't talk about the work you intend to do, and, even if asked, downplay your plans.

+ DON'T OVER-SHARE

Limit the personal information you divulge to what the board asks. Don't volunteer things.

+ DON'T EXPECT AN IMMEDIATE DECISION

The board usually will conduct a full review, which takes time.

+ MEET POST-INTERVIEW REQUESTS

In some cases, approval might be contingent on your holding maintenance in an escrow account.

+ WAIT FOR AN ANSWER

Once the board has decided, the managing agent will contact you or your agent. Typically, if approved, notification is given within one week.

+ DON'T WORRY

Being confident and at ease during the process will help you.

MOST OFTEN-ASKED QUESTIONS BY CO-OP BOARDS

FINANCIALS

1. Usually, financial questions come before the interview, but, just in case, take a copy of your financial statement with you to prepare for questions.
2. Especially if you're self-employed, expect to give detailed explanations of your finances.
3. Are you confident that you can afford maintenance and the mortgage comfortably?

FEEL-GOOD QUESTIONS

1. What made you choose this building?
2. What made you choose this apartment?
3. Why do you want to live in this neighborhood?
4. How many apartments did you view?

LIFESTYLE QUESTIONS

1. Do you play any musical instruments?
2. Do you entertain often?
3. Do you smoke?

HOUSE RULES

1. Do you have questions about the building?
2. Do you have pets?
3. What renovations do you plan to do and how will you afford them?
4. Will you use the apartment for residential purposes only?
5. Do you work from home?
6. Would you run for the board?

THE BASICS OF NYC CONDOMINIUMS

New York City condos differ from the golf course and lakeside offerings common in the rest of the country. In the city, condos are usually stacked one atop the other in high-rise buildings. Despite the lack of surrounding land, these condos are still considered prime real estate. As such, they're governed by the same laws on sales, financing, and taxes as other types of property.

There are some important things you should know about condos in NYC before you make your first purchase. In Manhattan, each condo unit in a multi-dwelling building has its own block number and tax lot. Parts of the building that are not part of your particular unit are called common elements. This includes outdoor areas, the land the building is on, and common indoor areas such as the lobby, hallways, utility rooms, and laundry rooms.

When you own a condo, you also own a specified percentage of these common