

THE DIFFERENCES BETWEEN CONDOMINIUMS AND CO-OPERATIVE APARTMENTS

Condominiums

Owning a condominium is just like owning any other kind of home - with one difference. In a condominium, a purchaser owns the apartment plus a percentage of the common areas of the building. The purchaser takes title by deed, which is recorded in the County Clerk's office.

Condominium boards often require a down payment of at least 10%. The condominium owner pays monthly "common charges" which are his or her share of the general upkeep of the building...i.e. employee salaries, fuel, insurance, management fees, etc.

The owner pays the real estate taxes allocated to the apartment. No board interview is required of a purchaser and there are often no limitations on the amount of money you can borrow to finance the apartment. You can sell your apartment to whomever you please, at any time, with only the condominium board's Right of First Refusal.

The closing costs for purchasing a condominium are higher than for a co-operative.

Cooperatives

In a co-op, the cooperative apartment corporation owns the entire building, including all the apartments. The corporation issues shares of its stock which are allocated to each apartment depending on the size and features.

When you purchase a co-op, you are actually purchasing shares in the apartment corporation. The corporation usually has a mortgage on the entire building. However each purchaser may have a separate loan for the purchase of his or her apartment.

The apartment corporation establishes the amount of financing allowable on apartments purchased in the building. The range is literally from all cash (i.e. no financing allowed), to 90% financing.

In a co-op, the purchaser pays monthly maintenance charges based on his or her share of the underlying mortgage and real estate taxes of entire building as well as expenses for general upkeep, salaries, fuel, etc. Monthly maintenance charges for co-ops are generally higher than for condominiums. The portion of the maintenance charge comprised of mortgage interest is tax deductible.

A major difference between co-op and condominium ownership is that in a co-op your ownership is subject to approval by a Board of Directors. This Board is elected from among the shareholders. The Board's job is to conduct the business of the Apartment Corporation and oversee the management of the building, usually with the assistance of a Managing Agent. The Board may impose limits on the amount of money you need to finance your apartment, as well as restrictions on sub-letting, etc. You cannot sell a co-op without the board's approval of the prospective buyer.

<http://www.residentialnyc.com/infoguide/buyers.html>

