

Expenses in Buying an Apartment

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Common sense dictates that a contract of purchase of an apartment, or any major acquisition for that matter, be read by the buyer with utmost care before signing. But sometimes, even if you think you already have, those seemingly minor details still astound house buyers come closing day. Believing that they have paid for everything, including delivery fees, fees for filing documents, hazard-insurance payments, personal lawyer's fees, fees for mortgage-application, mortgage points, title insurance payments, pest-inspection bills, surveyor's fees, among others, they get the shock of their lives upon learning that they have to pay 100 percent more than what they expected.

This rings true especially of New York City apartments located in recently completed or renovated buildings whose developers or sellers oblige the buyer to pay city and state real-property transfer taxes. The NYS transfer tax is calculated at \$2 per \$500 of the gross purchase price while that for NYC is computed as one percent of the property purchase price for up to \$500,000 and 1.425 percent for a property selling for more. These taxes, when passed along to the buyer, can prove costly. It is, therefore, necessary that the buyer consult with his/her broker or lawyer on how they can fit the extra cost of taxes into the budget. Keep in mind, however, that almost all terms are negotiable. A piece of advice would be to let your attorney do the bargaining on your behalf to obtain for you the best deal possible.

Aside from the above expenses, there are other fees that the seller obligates the buyer to pay. And in most cases, they buyer may find footing these bills absurd. One is the seller's legal fees. Another one that can jack up the selling price are the nuisance fees, or the fee charged for holding the closing outside the office of the seller's attorney which can cost the buyer \$250 to \$600. The moral of the story is do not neglect to read the fine print of the contract.

There are other costs normally shouldered by buyers of condominium units in recently completed or renovated buildings that are relatively reasonable. One is the charges of the seller's title company. Whether or not you agree to this clause, employing one title company would prove more convenient than using a title company of your choice. This is because the time the buyer's title company will spend to gather the same information on the property is saved for matters that are more important.

An additional expense would be flip taxes, a percentage of the sale price of a co-op apartment paid to the co-op corporation by a shareholder who is selling. Be reminded, however, that paying for such expense is not the buyer's legal responsibility.

Truly, it is tempting to seize that delightfully quaint apartment when everyone else seems to want it for himself or herself. But do not be hasty in making decisions, lest you realize later on that you got less than what you bargained for. Therefore, it would be best to rely on your lawyer's negotiating ability to help you through the most "non-negotiable" of clauses.