

What's the Difference Between a Co-op and a Condo?

Even when two apartments are similar in size and in the same neighborhood, they can be very different.

Co-ops

A phenomenon that's limited almost entirely to Manhattan, cooperative apartments have been the traditional form of owning an upscale apartment for close to a hundred years.

Co-ops are owned by an apartment corporation. When you purchase within a co-op building, you are purchasing shares of the corporation that entitle you, as a shareholder, to a "proprietary lease." Generally, the larger your apartment, the more shares of the corporation you own.

Co-op shareholders contribute a monthly maintenance fee to cover the building expenses. The fee covers such items as heat, hot water, insurance, staff salaries, real estate taxes and the mortgage indebtedness of the building. Portions of the monthly maintenance fees are tax deductible due to the building's underlying mortgage interest. Also, shareholders can deduct their portion of the building's real estate taxes.

- A co-op board of directors has the ability to determine how much of the purchase price may be financed and minimum cash requirements.
- Subleasing a co-op can be difficult. Each co-op has its own rules and they should be carefully reviewed prior to submitting an application to purchase.
- All prospective purchasers must interview with the board of directors. Prior to the interview, prospective purchasers prepare a detailed "Board Package" which usually contains personal and professional letters of recommendation as well as a great deal of personal information concerning income and assets.

The experience of a Corcoran broker is invaluable. Your Corcoran broker can help you find an apartment in a building that suits your needs. In addition, your agent will help you prepare a package that you can confidently present to the board of directors once you've found the home that is right for you.

Condo

A Condo is a term given to a co-op that has rules and by-laws similar to that of a condominium. The freedom to sublet, put only 10% down at closing, and easy board approval are characteristics of a condo that have been adopted by a co-op. Closing costs will be similar to that of a co-op (significantly lower than condo's) and you will be buying shares in a corporation rather than real property.



Condominiums

As more and more new buildings are constructed in New York, condominiums are fast gaining in number and popularity.

It's not surprising. As opposed to a co-op, a condominium apartment is "real" property. A buyer receives a deed just as though he or she were buying a house. Each individual apartment in a condominium receives its own tax bill. There is still a monthly common charge similar to the maintenance charges in a cooperative. These charges don't include your real estate taxes and are not tax-deductible. They also tend to be lower than in co-ops because there is no underlying mortgage for a condominium building.

The straightforward nature of buying a condo coupled with the fact, that in some cases, you can finance up to 90% of the purchase price and sublet them at will, makes condominiums the number one choice for flexibility.

Which is the best for you?

Whether you find you prefer a condo or a co-op, your Corcoran broker's knowledge of individual buildings and insights into your needs can help you find a residence you'll be happy with for years to come.