

# Purchaser's Residential Closing Costs

New York City

(see other side for seller's closing costs)



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## Universal Closing Costs applies to all transactions

- **Counsel fees** (typically \$2,000 – \$2,500)
- **Mansion tax:** applies to residential transactions at \$1,000,000 or over
  - Flat 1% of entire transaction price
  - Special rules apply to mixed use transactions. Where a portion is residential but the purchase price for entire property is \$1,000,000 or over \$1,000,000



## Real Property Closing Costs applies to both condominiums and houses

### Universal closing costs

- + Consult lending institution for **financing fees**
- + There is a **mortgage recording tax** if the buyer is financing:

#### Mortgage recording tax:

- If the mortgage is **less than** \$500,000 multiply 1.80% of the mortgage amount and then deduct \$30
- If the mortgage amount is \$500,000 **or more** multiply 1.925% of entire mortgage amount and then deduct \$30
- Mortgages made within 12 months of each other are concatenated for purposes of calculation in New York City

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- + **Title charges:** regulated by statute, no variance among title companies on insurance charges.

- Buyers that finance typically purchase both a title policy for themselves and the bank, but the bank policy is issued at a simultaneous rate
- Other charges apply for searches and filing fees and vary among insurers

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#### Content Disclaimer:

All information provided is subject to periodic law and rule changes. Figures are current and accurate as of January 2011



## Condominiums only

- Universal closing costs +
- Real property closing costs
- + Move in fees and deposits (approximately \$1,000)



## Condominiums Only new construction / conversion

In addition to , sponsor may include purchaser payment of:

- + **Sponsor's legal fees:** (up to \$3,000)
- + **Sponsor's transfer taxes:** based on adjusted price
- + **Working capital fund contributions** (up to two months common charges)
- + **Reserve fund contributions** (up to three months common charges)
- + **Share of resident manager's unit** (depends on % common interest)
- + **Eligible projects** (residential construction or conversion of 10 units or more) typically qualify the purchaser for a discount of 30% on the title policy charges

- Calculate NYS transfer taxes on base price
- Then add to purchase price,
- Then calculate NYS transfer taxes again  
*(including mansion tax if applicable)*

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## Adjustments For Seller Prepaid Expenses

Although not strictly a closing cost, buyers are typically contractually required to reimburse sellers for prepaid expenses. As this must be done at the closing also, this cash flow must be accounted for. These items may include one or more of:

- + **Maintenance / common charges** (in cooperatives and condominiums)
- + **Real estate taxes** (in condominiums and houses)
- + **Water, Oil, Propane** (if applicable)



## Coops only

- Universal closing costs
- + If financing, recognition agreement fee (up to \$400)
- + Coop search report (up to \$300)
- + Application fees (up to \$1,000)



# Seller's Residential Closing Costs

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### Universal Closing Costs (applies to all transactions)


- **Brokerage commission**
- **Counsel fees (typically \$2,000 – \$2,500)**
- **NYS Transfer Tax: \$2 for every \$500 of the price, or portion thereof**
  - But a continuing lien deduction allowed if a CEMA is filed
- **NYS Estimated Capital Gain Withholding: 8.97% of the estimated gain must be withheld at closing and submitted to NYS Income Tax, but exempt if:**
  - Seller is a New York State resident at time of sale or
  - Property was seller's principal residence for 24 months in the last five years under Internal Revenue Code ("IRC") section 121 or
  - 1031 exchange or another exemption under IRC
- **Federal Withholding (FIRPTA): Purchaser withholds 10% of the purchase price in escrow if seller is not an exempt individual**
  - But most sales are exempt if seller is a US Citizen, permanent resident, or otherwise exempt
  - Non-exempt individuals can apply for a pre-determination letter however
- **New York City Transfer Tax**
  - 1% of sale price if sale price is \$500,000 **or less**
  - 1.425% of sale price if sale price is **greater than** \$500,000



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### Cooperative Apartments only

-  **Universal closing costs**
- + **Transfer agent fees (up to \$1,000)**
- + **Flip tax (varies depending on building, formula must be considered)**
- + **Payoff bank fees (\$400 per payoff bank)**
- + **Move out fees and deposits (approximately \$1,000)**





### Real Property Closing Costs (applies to both condominiums and houses)

-  **Universal closing costs**
- + **Pickup fee to title closer (\$200 per outstanding mortgage)**
- + **Filing fees (up to \$500)**



### Condominiums only

-  **Universal closing costs**
-  **Real property closing costs** +
  - + **Waiver application fees (typically less than \$1,000 but some condominiums impose much higher fees in connection with a transfer)**
- + **Move out fees and deposits (approximately \$1,000)**



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