JAMES G. DIBBINI & ASSOCIATES, P.C.
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Considering a Condo or Coop? What You Need to Know Before You Buy

If you're in the market for an apartment in New York, you've likely come across two common forms of ownership: condominiums (condos) and cooperatives (co-ops). While they may look similar from the outside, the legal and financial structures are quite different—and understanding those differences is crucial before making a purchase.

What’s the Difference Between a Condo and a Coop?

Condominium (Condo)

- Type of Ownership: You own the unit outright as real property, similar to owning a single-family home. You also own a percentage of the building’s common areas.
- Deed: You receive a deed and the unit is individually taxed.
- Financing: Typically easier to finance with fewer restrictions from the condo board.
- Flexibility: You have greater freedom to rent or sell your unit without board approval (though some condos may impose limited restrictions).

Cooperative (Co-op)

- Type of Ownership: You do not own real property, but rather shares in a corporation that owns the building. You receive a proprietary lease to occupy your apartment.
- No Deed: Since you’re buying shares, there’s no deed, and real estate taxes are paid by the corporation, not individually.
- Board Approval: Co-ops typically have strict board approval processes, including personal interviews and financial disclosures.
- Restrictions: Subletting, renovating, or selling often require board consent, which can add time and complexity.

Key Considerations When Buying

1. Financing Approval
2. Co-ops often require buyers to have a higher down payment (typically 20%-30%) and demonstrate solid financial reserves. Condos may be more flexible, but lenders will still scrutinize the building’s financial health.
3. Monthly Charges
    - Co-op: You pay monthly maintenance, which includes building expenses and property taxes.
    - Condo: You pay common charges and property taxes separately. Common charges are generally lower, but you’re responsible for your own tax bill.

1. Building Financials

2. Review the building's budget, reserve fund, and history of assessments. A poorly managed building—whether condo or co-op—can be a red flag for future costs.
3. Board Minutes and House Rules
4. These documents provide insights into building culture, upcoming repairs, or disputes. Co-ops may be stricter with rules; condos are typically more lenient.
5. Sublet Policy and Resale Restrictions
6. If you plan to rent the unit out in the future or resell soon, make sure the building's policies support your goals. Co-ops can severely limit these options.
7. Legal Review and Due Diligence
8. Before signing a contract, your attorney should carefully review offering plans, financial statements, board meeting minutes, and more. This is especially critical for co-ops, where hidden obligations can affect your investment.

Bottom Line

- Choose a condo if you value ownership flexibility, lower board oversight, and future rental potential.
- Consider a co-op if you prefer lower purchase prices, more community control, and are comfortable with stricter rules.

At James G. Dibbini & Associates, P.C., we represent buyers and sellers of condos and co-ops throughout New York. We provide thorough contract review, negotiate key deal terms, and conduct due diligence to ensure your investment is sound.

If you're considering buying an apartment, let our experienced attorneys guide you from contract to closing. Call us today at (914) 240-8270 or email jdibbini@dibbinilaw.com to schedule a consultation.

The attorneys at James G. Dibbini & Associates, P.C. collectively have over 70 years of experience providing legal services in the areas of:
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-Business Formations
-Commercial & Residential Real Estate Closings
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-Civil Litigation
-Zoning Issues and Variances
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James G. Dibbini & Associates, P.C.
570 Yonkers Avenue
Yonkers, NY 10704
(914) 240-8270