

Info for International Buyers Purchasing Real Estate in New York City

Condominiums versus Co-operative Apartments

Generally speaking, condominiums are the preferred choice for international buyers. Co-ops typically require that buyers maintain substantial assets on-shore in the United States, have an extensive, local network from which social references can be generated, and have a long history of filing taxes in the United States. Further co-op boards impose many restrictions on owners: owners are often not permitted to use their co-op as a second home and are rarely permitted to rent out their co-op. Condominiums, on the other hand, are open to any qualified purchaser, regardless of social and financial ties to New York. Moreover, condominium owners are typically free to treat their real estate as an investment by renting them out for income.

Financing Options for Foreign Buyers

Most US banks have created programs to accommodate international buyers. Foreign buyers can usually finance up to sixty to seventy-five percent of a purchase, depending on circumstances, including the size of the necessary loan. Documentation requirements can be stringent, but some lenders are willing to waive these requirements in return for a slightly higher interest rate, to offset the increased risk associated with unsubstantiated loans. At the very least, foreign buyers will need to provide evidence of their legal right to enter the United States (such as a passport or visa), credit references, verification of past rent or mortgage payments, and proof of employment. Fortunately, Corcoran has very strong relationships with mortgage lenders and mortgage brokers in New York who are happy to work with foreign buyers.

Tax Liabilities for Foreign Buyers

Foreign buyers must be aware of certain tax implications of owning and selling real property in the United States. Unless an exemption applies, foreign sellers of real estate in the United States are liable for income tax on the gain associated with the sale. Applicable laws generally requires that those who purchase real estate from foreign sellers must withhold ten percent of the final sale price in order to ensure that adequate funds are available to satisfy the seller's tax obligation on the transaction.

Specialized Team of Professionals

To ensure a smooth purchase process, it is imperative that you retain capable advisors. Real estate brokerage commissions are typically paid by the seller of the property. Your Corcoran agent can recommend an attorney to assist with the transaction, from contract to closing, ensuring that your interests are protected. We can also connect you with accountants who, working with your attorney, can help minimize the various tax burdens described above by optimizing the structure of your real estate transactions.

Buying Process

Your agent can show you any available properties that match your criteria. Unlike in other parts of the world, it is common practice in the United States for real estate firms representing buyers to show and sell properties listed by competing companies; we are not restricted to showing only properties represented by Corcoran. Once we've identified a property you like, we can help you prepare your offer—and make sure that it's presented in the best light possible. These offers are not legally binding and you're free to submit offers on as many properties as you like. Once your offer is accepted and a contract is finalized, making the deal "hard," you'll be required to tender a deposit of at least ten percent of the purchase price. These funds must be either wired to the escrow agent (typically the seller's attorney) or drawn on a US bank account. These deposits are only refundable under specific circumstances as provided for in the purchase and sale contract. Once the contract is signed and deposits paid, you and your agent will need to work on and submit applicable building board application and prepare for closing. At closing, you'll be required to pay the balance of the purchase price, either with loan proceeds or personal funds, and the seller will transfer title to the property to you, along with the keys! Even after closing, Corcoran can continue to provide service to you. If you're looking to rent the property, Corcoran can help find you a tenant. If you plan to use the apartment as a second home, Corcoran can help you find a caretaker to handle emergencies that may arise and to make sure all the bills, including taxes and utilities, are paid on time.

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