



No.17

Can You Get Money for Your Rent-Stabilized Apartment?

BY CHEREEN JAMES

Change is swiftly flowing through the housing landscape of New York. New luxury buildings are being erected all over the City, and the demand for housing pushes low-income renters and owners to the outskirts and even out of the City, making way for higher-income earners and leading to a hefty rent spike. This rent spike encourages property owners to find creative ways to circumnavigate housing protection laws such as the rent stabilization laws, which aim to regulate the housing market and keep rent low. One of the ways in which property owners get rid of tenants—so that they can increase the rent—is through tenant buyouts. Here's what you should know when faced with a buyout or eviction from your rent-stabilized apartment.

1. Know Your Rights

As a rent-stabilized tenant, your family is entitled to succession rights. Succession



rights allow your apartment to be passed on to a family member, who lived with you at least two years before your death and who depended on you for financial support. When faced with a buyout, you completely vacate the apartment and your family will not be able to inherit your rent-stabilized apartment.

2. Is the Buyout Legal?

New York City law regulates how a property owner can approach you for the buyout of your apartment. Landlords have made the promise to pay in exchange for a vacatur of the apartment, but the laws ensure that they keep their end of the bargain once

you move.

The NYC Administrative Code states that a landlord should not force or threaten you to give up your rights to your apartment. The code also states that a landlord cannot leave the premises in bad condition to induce you into moving out. Regarding buyouts, the code states that it must be in writing, and it must state that you can decline the offer for a buyout, you can speak to an attorney, and that the contact is on behalf of the owner. If you accept or decline the offer, it must be in writing as well. It is important that you speak to a landlord-tenant attorney regarding your rights as a rent-stabilized tenant.

3. How Much Should They Offer?

There is no standard amount on what an owner should offer, and tenant buyouts have varied based on multiple factors. Some owners can afford to pay more money to their tenants than others. At other times, the location of the property would be a factor in determining the buyout rate.



Landlords who own properties that will have a high market rate for rent will have an increased incentive to buyout tenants, as it will open an opportunity for higher income.

It is important to understand your rights as a rent-stabilized tenant. The right of succession allows for your family to continue living with regulated rent. A substantial buyout can provide opportunities for you to pay off debts, purchase a new home so that you can become a homeowner yourself, start a business, or take advantage of many opportunities for growing wealth. Speak to a landlord-tenant attorney to ensure that your rights are not violated and that you receive just compensation for your rent-stabilized apartment.

Help is just a phone call away. Call us at 888-670-6791. ■

What Is the Difference Between a Foreclosure and a Short Sale?

BY ALEX WOODS

Many people have not yet adapted to the terminology of foreclosure versus short sale, often mixing up the two options when the mortgage can no longer be sustained.

The two terms, foreclosure and short sale, are somewhat interrelated and often confused. To set the record straight, let's look at each maneuver in a nutshell.

What Is a Short Sale?

A short sale is a remedy to save the distressed property from a seizure by the lender. Home owners who believe that they can no longer handle their house payments or are burdened with a property due to relocation issues may elect to sell the home for less than they owe through a short sale.

The short sale is designed to move the property quickly before a Notice of Default is issued and foreclosure proceedings begin. This tactic is often the



last resort before a distressed property hits the courthouse steps for auction.

Although the short sale can release a distressed borrower from the property, there is often zero profit in the sale of the home for the owner's pocket. However, their credit damaged less than a foreclosure, and he or she is free to walk away.

The short sale should be handled by a real estate specialist who has plenty of experience with successful short sales. Time is of the essence with a short sale to ensure the home owner does not fall behind on the mortgage payments. A few missed payments could send the home into default, so

the short sale must be smooth sailing to beat the deadlines.

The short-sale real estate agent will advertise the home as a discounted property, yet try to recover as much for the home as possible with the sale. The short sale tactic involves the bank, so each offer on the property is subject to the lender's approval.

The short-sale agent must have a strong working relationship with the lenders and be able to sell the property before the homeowner suffers financial consequences. A short sale can be tricky, so if this is the right pathway for you, be sure to shop wisely on who will represent your home with the short sale.

What Is a Foreclosure?

A foreclosure is the last resort for a distressed borrower who can no longer make payments on the property. Perhaps he or she put their home on the market as a short sale, but

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Lease-to-Buy Options Are a Win-Win

BY ALEX WOODS



House hunters who have minimal cash flow will like the lease-to-own housing option.

Growing in popularity with both buyers and sellers, this is the smart and innovative way for many people to get into a house. The terms and conditions will vary from one lease option to the next, but most deals are easy to qualify for if the seller is desperate.

In a sluggish economy with slacking home sales, the lease-to-own program is a smart answer for the housing industry. Choose from lovely ready-to-go homes, or you may strike a bargain for the fixer uppers.

To seal the deal and provide a helping hand to the seller, you may offer to fix up

the home at your own expense for full rental price or ask for a monthly payment reduction.

Lease to Own for Sellers

The lease-to-own, also known as a rent-to-own property, is usually a house that has been sitting on the open market for too long.

Ideal for sellers, offering a lease-to-own agreement keeps the cash flow coming with hope of a satisfied buyer at the end of the lease.

When a home for sale is still carrying a mortgage, it makes good sense to offer the real estate as a lease to own option and get a tenant in there immediately. The lease may be drawn up for one, two or more years, and there is no set rule of law to dictate the terms.

However, the owner must comply with the state laws for landlords and tenants. These laws are unique for every state, so be sure to check with your county officials for a handbook on how to comply with the local laws.

In addition to monthly mortgage payments, a distressed seller is also accountable to pay the yearly property taxes. If you are a seller and have purchased another property, the lease-to-own option acts as a



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buffer to lighten the mortgage payments on the house for sale.

You may or may not gain a profit depending on the mortgage balance, but the lease-to-own sales contract should put the transfer of property into potential motion.

If your renter decides not to purchase, you may rent the home again under the same terms or perhaps make the offer more attractive with lower payments.

Lease to Own for Buyers

The lease to own for buyers can be a gold mine to get you into a property with a minimal investment.

The contract terms will be set by the seller and will usually require a first and last month's rent plus pet security deposits. Lease-to-own homes are generally offered in the middle- and low-income housing markets and can be an excellent resource to

get settled into a property for less money while building up your furniture and house wares.

Ask your local real estate professional for assistance with a lease-to-own option. In many instances, the owner may use the first year's rent to put towards the down payment if you wish to purchase the property.

If you find the home less than satisfactory, the lease-to-own contract should allow you to walk away scot free upon fulfillment of the lease agreement.

In addition, check your local newspaper listings for the lease-to-own or rent-to-own properties. Though they are many, they do sell out fast.

This simple and cost-effective way to get into a property can be a win-win situation for both the buyer and seller.

The seller can start banking cash, and the buyer can start saving money. ■

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5. Correspondence with the seller's attorney
6. Communication with the title company
7. Correspondence with the mortgage company
8. Obtaining the necessary title work
9. Review of mortgage commitment
10. Review of title commitment
11. Preparation for closing
12. Resolving all disputes before closing
13. Representing you at your successful closing

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Understanding Closing Costs

Buying a home is one of the most monumental moments in our lives. It is a time that requires incredible planning, budgeting and saving. However, one factor many forget to include in their spending is closing costs.

Especially for first-time buyers, it is crucial to familiarize yourself with the extra expenses due before a deal is complete.

Typical homebuyers should expect to pay between 2 and 5 percent of the home's purchase cost in closing fees, according to real estate experts. Depending on the negotiated price of a property, this expense can be substantial. Don't find yourself blindsided during the final agreement with fees for which you weren't prepared.

Establish a plan to cover closing costs once you realize the ins and outs of your responsibilities.

What Do Closing Costs Cover?

The final expenses due at the close of your home-buying experience include lender and third-party fees. Typically, these expenses cover both nonrecurring fees and the first installment of recurring fees. Here are a few examples of each type:

Recurring costs: Ongoing payments you will be initially charged for and will continue to be your responsibility as a homeowner include property taxes and homeowner's insurance.

Nonrecurring costs: One-time fees include



home inspection charges, document preparation and appraisal expenses. Keep in mind, these costs will include nearly every type of transaction performed during the buying process.

A reliable real estate agent is a great teammate to help plan for what you should expect during your unique buying experience.

Who is Responsible for Costs?

Most of the closing costs fall under the responsibility of a buyer. However, the seller is usually expected to cover the expenses of each party's real-estate agents involved in striking a deal.

In many cases, a homebuyer can use the final fees as a negotiation strategy.

If you plan to ask a seller to cover most of the cost, here are some tips to make the offer more attractive.

Make a quick deal. It's likely that a seller is contemplating several offers and oftentimes, money isn't the only factor that matters. Especially if they are motivated to sell, a short 30-day close can be more enticing than deals with longer terms.

Don't ask for too much. While you shouldn't dismiss asking for alterations to a property, if you are overdemanding, a seller may not be apt to work with negotiating closing fees. Consider which repairs or changes are actually necessary before bringing them up.

No Closing Fee Deals

During your house-hunting search, you may find homes listed with offers with no closing fees attached. Unless a seller has already agreed to cover the expenses, remember, the costs don't merely disappear.

In most cases, these deals mean there are no fees required at the time of closing. Typically, a lender will include the costs in the overall amount of your loan. You should expect higher-interest rates or an increased monthly payment. These agreements often take more than five years to recoup the cost of closing.

Need help? Schedule an appointment today by calling 888-670-6791. ■

top 10 Traits of a Real Estate Agent

A good real estate agent is similar in nature to a conductor of a symphony, coordinating the different players to make a successful transaction a reality. We have found there are a number of qualities and traits that successful real estate professionals share.

10. Problem solver mindset

Do you enjoy coming up with creative solutions to problems or issues?

9. Self-motivated entrepreneur

To be successful in real estate requires a high degree of self-motivation, drive, and smart decision making.

8. Honesty and integrity

Your professional reputation is crucial to a long and successful career in real estate.

7. Hustle and tenacity

Being a top producing real estate agent requires a great work ethic. You must have the tenacity to pursue every lead and the hustle to aggressively market your clients' properties.

6. Interest in houses and architecture

Having a true interest in houses and architecture can give you an advantage over other brokers and salespersons.

5. Engaging personality

A good real estate agent doesn't just sell properties—they sell themselves. It's important to show your real personality. People will respond to you if you have a great attitude, are personable and honest, have confidence in your abilities, and are interested in helping them and others.

4. Attention to detail

Paying close attention to the details is imperative for your real estate career. A complete real estate agent is attentive to the unique needs of their individual clients. If you are organized, follow up with leads, communicate well, and pay attention to the needs of your clients, you will close more deals.

3. Understand the local housing market

A top producing real estate agent appreciates and utilizes the nuances that make a specific community's housing market and pricing strategy unique.

2. Build a network of connections

Successful real estate agents have a vast network of contacts within the market they serve.

1. Knowledge is power

Continuing education and professional development are doors to opportunity that you can utilize to expand your business options and stay at the forefront of the real estate field.

At the end of the day, you get out of it what you put into it. If you are passionate about real estate and have similar traits to those outlined here, you have a great shot at having a long and successful real estate career. Why not get started today?

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Questions Buyers Should Ask

If you're a first-time home-buyer (or even if you're not), you're going to have a lot of questions during the home-buying process.

Many of those are obvious and will grow out of your conversations with your real estate agent, title company and lender, but if you can't think of other questions to ask, Realtor.com and Bankrate.com have suggestions. And whatever questions you have, no matter how stupid you feel they may be, ask them anyway.

Would You Buy This House?

As you're checking houses with your agent, ask if he would purchase it. If he sees red flags, that's a red flag. An agent who isn't excited about the house will tell you that. If you do like the house and the agent doesn't, ask for their reasons. Maybe what they see isn't a dealbreaker for you, such as a large repair needed that you are able to do yourself. But at the very least, you want to know what your agent thinks.

What's the History of the House?

If the house you're looking at had a history of termites, would you reconsider? If you knew there had been a murder or suicide in the house, would that change your calculation? If it used to be a rental, would that affect how you felt about it? Ask for a copy of the Comprehensive Loss Underwriting Exchange report for the seller, which includes insurance claims for all homes.

According to *Forbes*, the law requires sellers to disclose specific things, including the use of lead paint, mold, pest infestations, property drainage issues and boundary disputes. Some states even require the disclosure of perceived paranormal activity and "emotional defects" like a murder, suicide or violent crime. In the case of crimes, sellers may not be required to proactively disclose, but they must be honest if the buyer asks.

Should I Ever Offer More than the Asking Price?

This seems like a no-brainer, but it's a good one to talk over with your agent. You obviously want to pay the least amount for the house possible, but if it's a hot real estate market and you're not the only one putting in a bid, you may want to go a little higher. That might be the asking price, or it might be less than the asking price but not as low as you'd like. In addition to talking with your agent about a fair price, be aware of how big of a loan you can take and how that affects your monthly payment.

There are other ways to make your offer more attractive. Offering flexibility with the move-out date or making a cleaner offer, such as not basing the sale on the sale of



your current home, makes the process easier for everyone. Additionally, if you've met the owners, consider sending them a note expressing your appreciation for the house and your vision for how you would make it yours. With some sellers, an emotional appeal can make a difference.

If you're currently on the market for a home, you may want to contact one of our mortgage professionals for more information. We will be happy to meet with you and share our guidance. Schedule an appointment today. Call us at 888-670-6791. ■

Foreclosure or Short Sale?

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there were no takers on the deal.

A Notice of Default will be issued to the property owner which gives the borrower a small grace period to bring the mortgage current. If the borrower cannot make the payments, the property will be seized by the bank or private lender.

If you are struggling with your mortgage payment, you must immediately contact your lender. Many finance companies are eager to work with a distressed borrower to avoid foreclosure proceedings.

Despite popular belief, the lender does not want to take the property with a foreclosure. This process costs them money in the long run with insurance, taxes and the responsibility to find a new owner. They are far more inclined to sit down and negotiate to keep the current owner in the home.

To avoid foreclosure, honestly evaluate your financial status, set forth a budget, then make the necessary contacts to correct the issue. You may wish to do a short sale to quickly release the cumbersome property, seek an attorney for a bankruptcy escape or work out a new payment program with your current lender.

Need assistance? We will be happy to meet with you and share our guidance. Schedule an appointment today. Call us at 888-670-6791. ■

Fire Your Landlord and Become a Home Owner



The Chambers' pre-purchased education program is known as **Fire Your Landlord**. This program is designed to take the mystery out of the home-buying process and prepare first-time homebuyers to make the important choices related to home ownership.

The seminar covers such topics as:

- Knowing your financial situation
- Credit and credit issues
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- The role of the lender
- Understanding the loan closing process
- Your legal rights and responsibilities as a home owner
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