



## COLUMBUS INTERNATIONAL

NEW YORK | MIAMI | MILAN | FLORENCE

### GLOSSARY OF U.S. REAL ESTATE

#### TYPES OF APARTMENTS

**STUDIO** is one or two rooms with combined living and sleeping area. If the studio is one room, the kitchen will be of the Pullman variety. If it is two rooms, the kitchen will be separate.

**ALCOVE** is an area adjoining the living room space of an apartment. It is generally less than 100 square feet and is not considered a full room, but often called a half room. It can be used as a "dining alcove" or "sleeping alcove". Depending upon size, it may actually be "walled off" to create an additional bedroom.

**ALCOVE STUDIO** is either a one and a half or two room apartment with a separate alcove, often L-shaped, which can be used as a sleeping area.

**JUNIOR OR JUNIOR 4 or JR4** is a one-bedroom apartment with a separate dining room or a small bedroom or office. The "4" comes from the number of rooms in the apartment, specifically the bedroom, living room, kitchen, and dining area/small bedroom/office. Depending on building rules, some JR4s are convertibles.

**CONVERTIBLE** is an apartment with an alcove off of the living room which can be converted into a bedroom or used for dining. A Junior 4, for instance, would be a three room apartment (living room, kitchen and bedroom) which has the potential to be four rooms by using the alcove space to create an additional room.

**DUPLEX** is an apartment with two floors or levels, not two apartment units.

**LOFT AREA** is an additional space created in apartments with very high ceilings. The loft area is constructed above the traditional living area, accessed by a staircase or ladder, and used for extra storage, sleeping or living space (e.g., a mezzanine).

**CLASSIC** the term "classic" is usually followed by a number indicating the number of rooms in an apartment. It is generally associated with pre-war apartments that meet criteria of room numbers and design for buildings of that period. However, a "classic" can exist in a post-war building, assuming it follows the same guidelines. As an example, a "classic six" is comprised of a living room, dining room, kitchen, two bedrooms, and a maid's room.

**TRIPLEX** is a 3-level apartment.

**QUADRAPLEX** is a four-level apartment.

## TYPES OF BUILDINGS

**BROWNSTONES** or **TOWNHOUSES** are typically 4 to 6 story buildings built in the 1800's through the early 1900's. They are either single family houses or have been converted over the years into multiple apartments. As a single family home, a townhouse or brownstone offers buyers privacy and the ability to purchase without the cooperative board process. Some apartments in townhouses can have grand living spaces and, therefore, will be quite expensive. Generally, these buildings afford more "charm", with features such as gardens, fireplaces, beautiful floors and ornamental wood moldings. In almost all cases these buildings will not have a doorman. One can also purchase a CO-OP or:

CONDO unit in a townhouse building. The term "brownstone" refers to the type of material used as facing on the front of the structure.

**PRE-WAR BUILDINGS** are those built before World War II. These buildings are usually ten to twenty stories, provide spacious apartment lay-outs, gracious architectural amenities with features such as larger rooms, fireplaces, hardwood parquet floors and higher ceilings. These can be doorman or non-doorman buildings.

**POST WAR BUILDINGS** were built between the late 1940's through the 1970's. They are generally hi-rise and are constructed of white, red or brown brick. Most will have doormen. Postwar apartments may actually afford more living space than their prewar counterparts in studio, one and two bedroom sizes. They have ample closets, live-in superintendent and laundry facilities.

**HI RISE FULL SERVICE BUILDINGS** are generally associated with new construction or are apartment buildings that were built from the 1980's through the present. They are typically condominiums, twenty to forty or more stories with doorman and concierge services. Other amenities often include: health clubs and swimming pools, valet services and parking garages

**ELEVATOR BUILDINGS** is usually reserved for a non-doorman building that is six to twenty stories tall. There is usually an intercom security system, and some may have video security. These buildings could fall into either the pre-war or the post-war category.

**LOFT BUILDINGS** were either previously built for commercial or manufacturing purposes and are now used for residential living spaces or are newly constructed as loft buildings. The spaces typically offer higher ceilings (9 feet-20 feet), open spaces and original details such as supporting columns, tin ceilings, etc. They are usually found in Greenwich Village, SoHo, TriBeCa, Chelsea, Flatiron, Nolita, and lower Manhattan and often do not have the services of a doorman.

**WALK-UP BUILDINGS** are the least expensive type of housing, and the quality can vary widely. Usually these are 4 to 5 story buildings with no elevator, hence the term "walk-up." They were originally constructed as multi-family housing and lack the charm and elegance of traditional brownstones or townhouses.

**RENTAL BUILDING** is a building that only offers rental units.

## **ADDITIONAL TERMS**

**ABSTRACT OF TITLE:** An exhaustive summary of facts about the title, such as relevant legal proceedings and ownership.

**AIR RIGHTS:** This refers to an owner's rights to the air space located above his or her property, subject to city ordinances, as well as necessity, depending on the situation.

**APPRAISAL:** The estimated worth, value, or quality of a property performed by an unbiased third party, for a closing. The purpose of an appraisal is to make sure that the property meets all of the bank's requirements.

**APPRAISER:** The expert who performs the appraisal (see "Appraisal").

**ASSESSMENT:** A payment requested by the board of directors of a co-op or condominium to make a capital improvement or provide an essential service.

**ASSIGNMENT:** The right to transfer a contract or a lease from one party to another. The term is often used to describe the process of assigning one's primary lease to that of a second party until the end of the term.

**ATTENDED ELEVATOR:** An elevator overseen by an attendant, whether or not the elevator is operated manually. In many full service buildings, an elevator attendant will also perform security duties for the lobby.

**BALCONY:** Located on the building's exterior, an enclosed area intended for an apartment owner or tenant's own personal use.

**BOARD APPROVAL:** A condition when dealing with a co-op, that the seller must obtain approval from the Board of Directors as a prerequisite to transferring shares.

**BUILDING AMENITIES:** All of the perks and services offered by a building to its tenants, as incentive for living there. These may include but aren't limited to doormen, gyms, pools, laundry facilities, and garages.

**BUILDING CODES:** Regulations fully stating the structural requirements for a building.

**BUILT:** A house or building's exterior dimensions. The city currently has zoning laws to regulate the size a building on any given property is allowed to be.

**BY-LAWS:** Rules under which the condominium and co-op associations operate.

**CAPITAL IMPROVEMENT:** An improvement to real estate, usually increasing the value of the property. Such an improvement may include a new roof, new windows or a new elevator.

**CERTIFICATE OF OCCUPANCY: (CO)** A document stating that a building is ready and fit for occupancy. Each building in New York City possesses a Certificate of Occupancy, which outlines the legal uses of the piece of property.

**CO-BORROWER:** A person listed on the property title, who shares responsibility for the loan, financially speaking.

**CO-BROKE:** An agreement between two brokerage firms to share a listing and the commission of that listing. This means that the brokerage firm representing the owner of the property will

split the commission on a 50/50 basis with the brokerage firm that brings the buyer or tenant to the property and is able to conclude a transaction.

**COMBINED APARTMENT:** When an apartment owner takes two separate yet adjoining apartments and combines them into a larger single apartment. The city of New York has streamlined this process so that the procedure is far less cumbersome.

**COMMISSION:** A broker's payment for selling the property, which is set by the owner, and usually amounts to six percent of the property's overall value. The rate of commission is sometimes adjusted either down or up, depending on the value of the property and difficulty of the sale.

**COMMITMENT LETTER:** A legally binding letter, issued by a bank, to provide funds as specified to the written terms and conditions.

**COMMON AREA:** The area in any given building shared by all of the tenants, such as the lobby and hallways.

**CONCIERGE:** Located in a building's lobby, a receptionist of sorts. The concierge does everything from signing for tenants' packages to informing tenants of the arrival of visitors. Some concierges also perform security duties in the lobby but are separate and distinct from doormen.

**CONTACT PERSON:** The person whose job it is to promote the property and show it to potential tenants. A contact person is hired by the developer or the owner of the property.

**CONTRACT OUT:** The agreed-upon time when the buyer and the seller agree upon price, at which point the seller's attorney will compose a contract of sale, to be signed by the purchaser.

**CONVERSION:** A term used to describe the change in usage or ownership type of a building. An owner of a building may do this in order to derive the best financial means from his/her property.

**COURTYARD:** This tends to describe an enclosed garden, located inside a building or property. "A courtyard view" usually means the apartment has a window that faces the courtyard and provides some natural light.

**DEED:** The legal document which states a property's title.

**DEPRECIATION:** Depreciation is the process used to deduct the costs of buying and improving a rental property. Rather than taking one large deduction in the year you purchase (or improve) the property, depreciation distributes the deduction across the useful life of the property by expensing a set portion of it each year through yearly tax deductions. Depreciating the property, that is, deducting some of the cost each year on your tax return, is done to make expenses even over time. Any residential rental property placed in service after 1986 is depreciated using the Modified Accelerated Cost Recovery System (MACRS), an accounting technique that spreads costs (and depreciation deductions) over 27.5 years, the amount of time the IRS considers to be the "useful life" of a rental property.

**DUAL SINKS:** Two bathroom sinks, most often located adjacent to one another, or side-by-side.

**DUAL VANITY:** Like Dual Sinks (see "Dual Sinks"), but referring to vanities.

**EIK:** Acronym for "Eat-In Kitchen." See "Eat-In Kitchen."

**EAT-IN KITCHEN:** What it sounds like, a kitchen that has enough room for people to eat inside it.

**EN-SUITE BATHROOM:** A bathroom that is connected to a bedroom, directly, through a door. It is most often attached to a master bedroom and intended only for the people who sleep in that bedroom.

**ESCROW:** A valuable item, most often money, that is handed to a 3<sup>rd</sup> party, with the understanding that it will be distributed on the occasion of an agreement's fulfillment.

**ESTATE:** All of the property a person owns at the time of his or her death.

**EXCLUSIVE AGENCY LISTING:** The owner of the property and the broker both have the right to represent the apartment. If the owner finds a buyer, he/she can sell the property on their own and exclude the broker from any commission.

**EXCLUSIVE RIGHT TO SELL:** A listing promoted by a single broker for which he/she has been hired by an owner to market his/her apartment. The individual broker has the right to earn a commission in the event that the property sells during the term of the exclusive.

**FAÇADE:** A building's face most often refers to one side of its exterior, generally the front though sometimes the back or one of the sides. The façade establishes the building's tone and refers to its exterior materials, whether it be marble, brick, or brownstone.

**FINANCING ALLOWED:** Unique to some co-ops, this allows seventy to eighty percent of a purchase price to be financed by the owner. Not all co-op buildings allow any financing, however.

**FIXED RATE:** An interest rate that remains constant over the term of the loan.

**FIRPTA:** The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) is a United States tax law that imposes income tax on foreign persons disposing of United States real property interests. Tax is imposed at regular tax rates for the type of taxpayer on the amount of gain considered recognized. Purchasers of real property interests are required to withhold tax on payment for the property (10%).

**FIXTURES (PLUMBING):** An exchangeable device which can be connected to a plumbing system to deliver and drain water. The most common plumbing fixtures are bathtubs, bidets, sinks and showers.

**FLIP TAX:** A levy issued on the transfer of ownership, imposed by the co-operative corporation or condominium association, against either the seller or buyer. This fee could be a percentage of the gross sale, a percentage of the net sale, a percentage of the gain, a fee based on the number of shares held by the shareholder, or a fixed amount determined by the co-operative.

**FLOATING RATE:** An interest rate on a loan that fluctuates with the prevailing rates offered to lending institutions.

**FLOOR-THRU:** An apartment that takes up a building's entire floor, running from the building's front wall to its back wall. This is a common feature of townhouses.

**FORECLOSURE:** This legal process occurs when a borrower defaults on a mortgage and often involves their property being auctioned in order to pay off the mortgage.

**FULL SERVICE BUILDING:** A building that employs both a concierge and full time doorman. Other amenities often include: health clubs and swimming pools, valet services and parking garages.

**GRANTEE:** This is the organization or person informed by a grantor about interest expressed or a property.

**GRANTOR:** A person who expresses interest in a specific piece of property.

**HALF-BATH:** A bathroom that has a toilet and sink but no shower or bathtub. When an apartment is listed as having one-and-a-half baths, it refers to the fact that one is a “full bathroom” and the other a “half-bath.”

**HAZARD INSURANCE:** When damages occur to a property, due to vandalism, fire, or natural disasters, this insurance protects the property.

**HISTORIC DISTRICT:** Often defined by historic societies or city zoning, an area that is determined to be an historically significant part of a community. This historic value may not necessarily be reflected in market value.

**IN CONTRACT:** This is the period of time immediately following a contract being signed by the seller and the buyer.

**INTEREST RATE:** A fee charged by a lender to someone borrowing his or her money. Though the exact rate may vary, The Federal Reserve Board sets it.

**JOINT TENANCY:** When ownership of a property is equally divided by a number of different people or parties.

**KEYED ELEVATOR:** This is an elevator that either opens directly into an apartment or into an apartment's foyer. Keyed elevators are often a feature of penthouses, lofts, or floor-thrus (see “Floor-thrus”).

**LEASE:** An agreement in writing between the tenant and the property owner. It defines each party's agreements and responsibilities.

**LEASE ASSIGNMENT:** This is an option for a tenant or lessee that allows him or her to transfer to a 3<sup>rd</sup> party his or her rights to the leased property. This is separate and distinct from subleasing.

**LIABILITIES:** All of the financial responsibilities a person has, including debts owed.

**LIEN:** A legal right or claim on a property, held until a debt is paid.

**LISTING:** A property available on the market currently, for rental or sale.

**LOCAL TAX:** Tax that the local government imposes on citizens for various services, such as water and garbage collection.

**LOFT SPACE:** Property converted to use as a residence from a previously commercial use, most often covering an entire floor. Loft space provides high ceilings, open space, and large windows.

**LOFT STUDIO:** This is a studio with a separate sleeping area.

**LOT:** A parcel of land the city divides for the purpose of identification.

**MAINTENANCE:** This refers to the amount of monthly charges paid by an individual co-operative owner to the co-operative as their proportionate share of the expenses of the building.

**MAISONETTE:** An apartment located on the ground floor of a building, most often in a co-op, with its own private street entrance, separate from the building's main entrance. Tenants like this

option, because it gives them the illusion of living in a townhouse, but in the environment of a co-op.

**MANSARD ROOF:** This is a roof with a flat top, which then slopes down steeply on every side and seems to cover the entirety of building's top story.

**MANAGING AGENT:** Responsible for managing a building by maintaining the property, collecting rent checks, enforcing its rules, etc., it is an independent company that a condo or co-op hires for this purpose.

**MARKET VALUE:** Following the analysis of current market conditions, the most probable price that a property should be listed at in the open market

**MORTGAGE:** An agreement with a lending institution to provide an individual with a loan to cover a large percentage of the purchase price of a property.

**MURPHY BED:** This is a bed attached to a wall, and built into it, so that when someone isn't using it, it can be pushed into an upright position into the wall, providing more floor space for a small apartment.

**NEGATIVE PLEDGE:** A loan which exceeds a co-op's financing limit.

**NEW WINDOWS:** These are windows which have recently been replaced, often in the service of increasing the energy efficiency of the building or to modernize the building's façade.

**NO BOARD APPROVAL:** This is either when someone who wants to purchase a unit of a co-op doesn't need to be approved by the co-op board in order to do so, or when someone who wants to rent doesn't need the approval of the co-op board or the owner.

**NOTE:** This is a legal document outlining a borrower's mortgage obligation, paid at a specified interest rate over a mutually agreed upon timeframe.

**NOTICE OF DEFAULT:** A notice that formally informs a borrower of the default on his or her account.

**OBLIQUE VIEWS:** This describes when an apartment has a panoramic view, to the side, of one or both of the Hudson and East Rivers, or Central Park.

**OFFER ACCEPTED:** The point when a renter finally accepts the listed terms for renting the apartment.

**OFFERING PLAN:** A document issued by a sponsor in the process of converting a building or developing a new building. It provides full disclosure of all relevant information regarding the property.

**ON-SITE BROKER OR CONTACT PERSON:** The person that the owner of a building hires to show potential buyers or renters the apartments, along with answering any questions they might have and taking care of transactions.

**OPEN HOUSE:** A time, scheduled and advertised by the broker, to get a large number of people and/or other brokers through the property in a short period of time.

**OPEN KITCHEN:** Often featured in lofts, this is a kitchen located in the same room as the apartment's main living area, with no separation.

**OPEN LISTING:** A listing offered to the brokerage community by an apartment owner, a developer, or a management firm. This type of listing often allows a broker to earn a larger fee than if the property were being marketed by a co-operating broker.

**ORIGINAL DETAIL:** These are the architectural or design details—such as moldings, chair rails, or trim—original to a given pre-war apartment's interior.

**ORIGINAL ROOM COUNT:** This describes the original room count of pre-war apartments that have since been divided into smaller units, due to the needs of subsequent renters and owners.

**OWNER PAYS (OP):** This is when a building's owner chooses to pay either all or a portion of the commission gained from a unit's sale, in order to entice a potential tenant or buyer to take the apartment.

**OWNERSHIP:** The various kinds of ownership available in New York City tend to be Co-ops, Condos, and Cond-ops.

**PARLOR FLOOR:** A townhouse's second floor, it tends to be the room with the highest ceilings and is therefore popular for entertaining.

**PARTIAL VIEWS:** A unit that offers its tenant or owner a partial view of Central Park, the East River, or the Hudson River.

**PASS-THROUGH KITCHEN:** A kitchen with more than one entrance, so that one can walk through it in order to enter a different room, often the living room or dining room.

**PENTHOUSE:** This is the apartment located on a building's uppermost floor. Penthouses are known for being luxurious and more private than the building's lower units.

**PET POLICY:** A building's specific policy on pets a tenant or resident is allowed to have, including number of pets allowed, size of pets allowed, and types of pets allowed.

**PETITE KITCHEN:** See "Pullman Kitchen."

**PIED À TERRE:** A quite small yet comfortable apartment that is popular among business travelers who travel to the city frequently but don't live here full time, as well as by wealthy people who want to have a home base in the city for when they visit, without having to bother with hotels.

**POSSESSION:** The term for the time when a purchaser or tenant is allowed to take possession of his or her new property.

**POWDER ROOM:** Where Holly Golightly goes. See "Half-Bath."

**PROFESSIONAL SPACE:** A commercial unit in an otherwise residential apartment building, most often used for a doctor or dentist's office.

**Property Value:** A given piece of property's value.

**PULLMAN KITCHEN:** Commonly found in pre-war buildings that were once hotels, a Pullman Kitchen is a small kitchen consisting simply of a sink, fridge, and oven that is located against one wall of an apartment, rather than being in a separate room.

**PURCHASE AGREEMENT:** A written contract which defines the agreed-upon terms under which a buyer will purchase the property from the seller.



**QUALIFYING RATIOS:** The rate that establishes the amount of money a buyer is allowed to borrow, as determined by the lenders.

**REAL ESTATE AGENT:** A licensed real estate salesperson who executes the transaction of a property's sale or purchase on the client's behalf. Agents work for and are supervised by the representative broker. The salesperson acts as the representative broker's agent. All listings, although perhaps negotiated by a salesperson, are accepted by the representative broker.

**REAL ESTATE BROKER:** A real estate broker is responsible for the supervision and conduct of the real estate brokerage business. He or she applies for and holds the license on behalf of the brokerage. This person is known as the "representative broker."

**REAL PROPERTY:** A piece of land and generally anything that is erected upon that land.

**RECESSED LIGHTING:** Lighting that is set into an apartment's ceiling rather than hanging from a fixture. This feature is aesthetically pleasing as it maintains clean lines, rather than dangling fixtures, which break the flow.

**RENO:** Terms that declare the recent renovation of an apartment.

**RENTAL COMMISSION:** The commission received by a broker for renting an apartment. The commission is generally paid by the renter, with a rate of 10-15% of a year of rent.

**RESERVE FUND:** The funds that a co-op or condo board sets aside in order to pay for monthly and unexpected expenses.

**ROOM COUNT:** As it sounds, the number of an apartment's rooms. A general Studio with a Petite Kitchen has 1 room, a Studio with a Full Kitchen has 2 rooms, an Alcove Studio with a Full Kitchen has 2.5 rooms, as does a Junior with a Full Kitchen but no wall, and a Junior with a Full Kitchen and a wall has 3 rooms. Meanwhile, a One Bedroom apartment with a Living Room and Kitchen has 3 rooms, and a Convertible with a Living Room, Dining Alcove, Kitchen, and no wall has 3.5 rooms.

**SECURITY DEPOSIT:** A rental tenant will put down a security deposit on an apartment so that the owner of the apartment has security against any potential damages in the apartment during the term of tenancy.

**SERVICE ENTRANCE:** A secondary entrance, which usually goes into the kitchen from a building's rear or another hallway. These entrances were originally intended for use by servants.

**SERVICE LEVEL:** The quality of a building's front door service.

**SHARES:** A co-op is a unique situation in real estate, in which every apartment owner owns a share of the building, as stock owners in corporations do. A share is equivalent to how much of the building each shareholder owns, determined by the apartment's size, location, and special features, if applicable.

**SHORT-TERM:** An apartment—often furnished—rented only for a short time period, rarely over six months.

**SHORTFALL:** This describes the situation in which a building's monetary intake is not sufficient to compensate for its operating expenses.

**SQUARE FOOTAGE:** An apartment or building's amount of livable space, measured in square feet. This number is often approximated, though condos tend to have quite accurate measurements.

**SUBLET:** This is an agreement made between a new tenant of an apartment and the current tenant who is leaving. Under this agreement, the new tenant assumes responsibility for the current tenant's rental costs.

**TAX ABATEMENT:** A reduction or exemption from taxes, granted by the government for a specific period, in order to stimulate real estate or industrial development. Property tax abatements, exemptions, and reductions are subsidies that lower the cost of owning real property. New York City has several tax abatement programs in place. These include the J-51 Program and the 421a Program. The J-51 Program gives abatements to residential apartment buildings undergoing renovations. It was created in order to incentivize owners of rent-regulated buildings to make improvements to those buildings. Through the program, owners are able to recover approximately 75% of the costs of the improvements. The 421a Program is meant to promote the building of condos on underutilized or unused land. In most cases, the exemption lasts for 10 years, giving owners a 100 percent exemption from any increases in their real estate taxes for two years, then phasing out the exemption by 20 percent every two years over the remaining eight. In Upper Manhattan and the other boroughs, the exemption can last for 15 or 25 years.

**TAX DEDUCTIBLE:** The percentage of a co-op that a shareholder is allowed to deduct from his or her annual taxes.

**TERM:** The amount of time a lease represents.

**TERRACE:** A building's roof, or a portion of a building's roof. In the real estate world, a "terrace" usually refers to an area on the building's exterior that a particular apartment owner has exclusive rights to using.

**UNSOLD SHARES:** The shares/apartments in a co-op that haven't been purchased. When a rental building converts to a co-op, often a number of renters decide they would rather pay rent for a while rather than buying it outright.

**USE:** A building's specific purpose, for which it was designed.

**UTILITIES INCLUDED:** This refers to the apartment utilities whose charges are included on the rent bill. Depending on the building, these may include gas, water, electric, and cable.

**VACANCY RATE:** The ratio of unoccupied apartments to occupied apartments in a building, usually done in the form of a percentage.

**VACATION HOME:** A second home that one purchases for recreation. When not in use (during off-seasons, for example), many owners rent it out.

**VARIABLE INTEREST RATE:** A fluctuating rate of interest that changes based on the current cost of lending or borrowing money.

**WAIVE:** This means to voluntarily give up one's rights, claims, and privileges to a given property.

**WALK-THROUGH KITCHEN:** See "Pass-Through Kitchen."

**WEIK:** An acronym for "Windowed Eat-In Kitchen." See "Eat-In Kitchen."

**WINDOW TREATMENTS:** The styles of coverings a tenant or owner may put on his or her windows, such as shades, blinds, and curtains.