

**NAME:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**PART ONE:**

Answer these questions: **if we did not cover “Google it” or use CHATGPT!**

**BROKERS**

|  |  |
| --- | --- |
| 1. Who pays the Broker fee when you purchase a property? |  |
| 1. What is a typical Broker fee for the sale of a property? 2. On a $500,000 property, how would the broker fee be in dollars? | %  $ |
| 1. When a Seller commits to a Broker to have them represent them in a sale, for how long is the commission contract typically binding? |  |
| 1. Who is the “Listing Broker” representing? |  |
| 1. What is the benefit of contacting the Listing Broker and not going to see the property with a Buyer’s Broker when you are serious about buying a property? |  |
| 1. What does FSBO mean? |  |

**COOPERATIVE VS CONDOMINIUM**

|  |  |
| --- | --- |
| 1. What is the difference between a cooperative and a condominium? |  |
| 1. What is the monthly charge called in a cooperative? |  |
| 1. What is the monthly charge called in a condominium? |  |
| 1. Does the monthly charge in a cooperative typically cover real estate taxes? |  |
| 1. Does the monthly charge by the condominium typically cover real estate taxes? |  |
| 1. What is an assessment? |  |
| 1. What is a flip tax or a transfer tax? |  |
| 1. Should you trust your real estate attorney to assess the financial health of the co-op or condo you're buying?" |  |
| 1. If you are serious about buying in a cooperative or condominium, what are five key things you should check out on the financial statements? | 1.  2.  3.  4.  5 |

**CAPITAL GAINS TAX**

|  |  |
| --- | --- |
| 1. If you purchase a primary home for $300,000 and sell it in nine months later for $ 400,000 – do you pay capital gains tax on the sale? |  |
| 1. How many of the last five years must a property be your primary residence to take advantage of the capital gains tax exemption upon sale? |  |
| 1. How much is the capital gains exemption, when selling a primary residence, if you are single? 2. How much is the exemption if you are married? | Single exemption =  Married exemption = |

**SHOPPING**

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| --- | --- |
| 1. Review Handout 11.02 – List the top five factors that are most important to **YOU** in searching for property. *(There is no right or wrong answer, and you will always have to compromise, but it is helpful to identify what is important to you)* | 1.  2.  3.  4.  5. |
| 1. List one item of concern to you that is not mentioned in handout 11.02 |  |
| 1. Find a home in your target area using Zillow.com or Streeteasy.com with the features you want and provide the listing link | LINK: |
| 1. How much of a down payment will you need to qualify for the above property? |  |
| 1. How many years from now do you anticipate having the necessary funds to qualify? |  |
| 1. Write down 3 actions you plan to take to make this dream a reality | 1.  2,  3. |

**PART TWO:** Understanding Financial Statements

* READ 11.70 Financial Statements for Cooperatives and Condominiums
* Select one cooperative or condominium financial statement and answer the questions below. Be sure to compare the change from one year to the next. If you have problems with the math, ask the Homework Helpers.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Look on | Question | Most recent year  YEAR: \_\_\_\_\_\_\_ | Prior year  YEAR\_\_\_\_\_\_\_ | Calculate percentage change between the years |
|  | Balance  Sheet | How much cash does the property have on hand? |  |  |  |
|  | Balance  Sheet | How much are the Accounts Receivable? (amounts owed to the building) |  |  |  |
|  | Balance  Sheet | How much does the building owe to vendors (Accounts Payable) |  |  |  |
|  | Balance  Sheet | If the property has a mortgage, how much is unpaid? |  |  |  |
|  | Notes | If the property has a mortgage what is the interest rate? |  |  |  |
|  |  |  |  |  |  |
|  | Statement of Operations | How much did the property invoice for Maintenance or Common Charges? |  |  |  |
|  | Statement of Operations | Did the property have other sources of income? (yes or no) and if yes what were the sources? |  |  |  |
|  | Statement of Operations | How much were the Operating Expenses? |  |  |  |
|  | Statement of Operations | Did the total income cover the ordinary operating expenses? (yes or no) |  |  |  |
|  | Statement of Operations | How much was the ordinary NET INCOME? |  |  |  |
|  | Statement of Operations  or NOTES | To the best you can see was there an assessment? |  |  |  |
|  | Statement of Operations | What is the AVERAGE monthly Operating Expenses?  (take the annual divide by 12) |  |  |  |
|  |  |  |  |  |  |
|  | Need both the Balance Sheet and Statement of Operations | How many MONTHS of Operating Expenses do they have in Cash as a reserve or cushion?  (divide cash by operating expenses to get a percentage – then multiple by 12) |  |  |  |
|  |  | | | | |
|  | Is there anything you read in the Financial Statements which concerns you?  Or anything on which you would like more information? | | | | |