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## Real Estate

### A First-Time Buyer's Primer and Road Map

#### The Added Hurdle in Co-op Buying

**W**HILE co-ops are homes in the same sense that houses are, the process of buying a co-op is distinctly different.

"Most co-op contracts of sale contain two conditions," said Eric P. Gonchar, a Manhattan real estate lawyer. "One is that the purchasers obtain a written loan commitment within a certain period of time and the second is board approval."

The first condition is usually no more onerous for co-op buyers than for others. The second, however, is something else indeed.

"I always advise my clients in writing that when they're not buying from an original sponsor, they're always subject to board approval and that there is always the possibility that the board can deny that approval," Mr. Gonchar said. "I also advise them that their rights are very limited when that happens."

Accordingly, Mr. Gonchar said, prospective buyers of co-ops are faced with the cumbersome distinction of having to do everything usually required to buy an apart-

ment without knowing whether they will be permitted to buy it or not.

For example, Mr. Gonchar said, a co-op buyer must hire a lawyer to review a contract of sale and then conduct a "due diligence" examination of the co-op's books, records, by-laws and proprietary lease. At the same time, the buyer must apply for a mortgage and then submit to the board an approved commitment along with an array of highly detailed and personal information and an application fee of as much as \$500, which may or may not be refundable.

Then they must wait for an invitation for an interview, which may or may not come. "A purchaser who has been declined can always challenge a board decision by starting a lawsuit against the co-op," Mr. Gonchar said. "But the case will probably be lost unless they can prove discrimination based on factors such as race, color, creed, or sexual preference." Typically, he said, rejected buyers adopt a more realistic approach. "They accept the decision reluctantly and move on," he said.