

# New York City Real Estate Glossary

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**Abstract of Title:** A chronological overview of the recorded instruments and proceedings on the title of a property.

**Agency:** Relationship wherein an agent is employed by a principal to perform certain acts on the principle's behalf.

**Air Rights:** The right to build above or add square footage to a structure. These rights are determined by city zoning regulations or public need and can be sold to adjoining structures for a negotiated price between land owners.

**Alcove:** An L-shaped area off the main living space in an apartment. There are two types of alcoves, a sleeping alcove and a dining alcove. Sleeping alcoves are generally found in alcove studios, while dining alcoves are found in one or two-bedroom apartments and can be converted to an additional smaller bedroom.

**Alcove studio:** A 1 or 2 room apartment with a separate alcove which can be used as a sleeping or dining area. Alcoves usually adjoin the living room space of the apartment, are generally less than 100 square feet and can sometimes be walled off to create an additional bedroom.

**Amortized loan:** A loan for which the principal and the interest are payable in monthly or other periodic installments over the term of the loan.

**Appraisal:** The process of determining the value of an apartment often against comparable apartments

**Assessment:** An additional charge imposed by a co-operative or condominium upon the apartment principle to be used for the improvements or upgrades made to the building. Assessments are levied according to the number of shares/ percentage of the common charges/ owned paid by an apartment owner.

**Assignment:** The authorization to transfer a contract/ lease between party's and/ or the process of assigning one's primary lease to that of a second party until the end of the term.

**Attended Elevator:** A manually operated elevator that requires an attendant on a full time basis.

## B

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**Balcony:** A platform that projects from the wall of a building and is usually surrounded by a type of railing.

**Balloon Mortgage Payment:** A large payment of a mortgage loan, larger than the regular required payment, often at the end of the loan term.

**Brownstone (AKA Townhouse):** 4-6 story buildings built in the 1800s to early 1900s. These can be single family houses or may have been converted over the years into multiple apartments. They are prized

for their charm and elegance. In almost all cases these buildings do not have a doorman.

**Building Amenities:** The features that increase the attractiveness or value of a building or property. Some common building amenities are laundry facilities, doormen, garages, valet services, high speed Internet, etc.

**Built:** Refers to the actual exterior dimensions of a building on a lot.

## C

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**Cancellation Clause:** Proviso in contract or lease that confers the right to terminate obligations upon occurrence of the condition or contingency set forth in clause.

**Capital Gain:** Tax term involved with selling or exchanging a capital asset.

**Capital Improvement:** An improvement performed on an apartment or piece of property for the purpose of increasing its value. Capital improvements can range from new sinks in an apartment to the remodeling of a building elevator.

**Capital Loss:** Amount by which the proceeds from the sale of a capital asset are less than the cost of acquiring it.

**Caveat Emptor:** Latin phrase for Let the buyer beware.

**Certificate of Occupancy (C of O):** A certified document that outlines the legal uses permitted to a piece of property. In NYC specifically, each building must possess this certificate as it may allow a building owner to utilize the property in ways not allowed by its zoning regulations.

**Client:** The employer of the Tungsten Properties agent.

**Classic:** The word “classic” is usually followed by a number indicating the number of rooms in an apartment. The term is usually associated with pre-war apartments that meet criteria for numbers of rooms and design. 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, 2 bedrooms and a maid’s room. A “classic seven” is comprised of a living room, dining room, kitchen, three bedrooms and a maid’s room.

**Closing Date:** Date on which the buyer takes ownership of the property.

**Closing Statement:** A detailed accounting of a real estate transaction showing all cash received, all charges and credits made, and all cash paid out in the transaction.

**Cloud on the Title:** Outstanding claim or encumbrance which, if valid, affects or impairs owner’s title.

**Combined Apartment:** When two separate but adjacent apartments are connected to create one larger unit.

**Common Area:** A place within the building that is shared by all owners/residents of the complex. Said area can be the lobby, a courtyard or common roof deck.

**Comparables:** Properties listed in an appraisal report that are similar to the subject property.

**Complimentary Listing:** A rental or sale listing distributed amongst the brokerage community from a brokerage firm on behalf of the owner. With this type of listing, the broker of the prospective purchaser or renter may collect a fee.

**Concierge:** A lobby-stationed staff member of an apartment complex who assists guests or residents as by handling the storage of packages, taking and delivering messages, announcing guests, etc. Conditional Sales Contract: Contract for sale of property which states that the contract can be cancelled unless conditions of the contract have been fulfilled. A contract is usually condition for only a defined period of time.

**Condominium:** An apartment or other unit, held in fee ownership, in which owners pay common charges for the maintenance of common areas.

**Condop:** A mixed use building subdivided into two or more condominium units, one of which is a co-operative.

**Convertible or Junior Four:** This is typically an apartment with an alcove adjacent to the living room that can be used to create another room by using this “flexible” space to “convert” the apartment from, for example, a 1 bedroom to a 2 bedroom.

**Co-op:** An enterprise or organization that is owned or managed jointly by those who use its facilities or services. Those who purchase within a Coop are considered to be shareholders. While shareholders do not own the apartment, they do own a percentage of shares within the cooperative and are entitled to a long term “proprietary lease” The

percentage of ownership is generally proportionate to the size of the apartment. Shareholders contribute a monthly maintenance fee to cover the amenities of the building. Heat, hot water, insurance, staff salaries, etc. are some of the expenses covered by maintenance fees.

Some advantages of coop ownership are:

- All prospective purchasers are subject to an interview with the Board of Directors of said coop in which the Board determines whether he/she will be approved or denied.
- The quality of life and security within the building are supported.
- Portions of the monthly maintenance fees are tax deductible due to the building’s underlying mortgage interest. Shareholders can deduct their portion of the building’s real estate taxes.

Some of the disadvantages of coop ownership are:

- A minimum down payment is required and set by the Board of Directors. The minimum is normally 20-25% in cash.
- Subleasing the unit can be difficult. Each coop has their own house rules that should be carefully reviewed by the prospective purchasers. An apartment or other unit owned by a corporation specifically formed to own the building or buildings which form the co-operatives. Unit residents, called tenant shareholders, own stock and a proprietary lease which confer upon them the exclusive use of the unit they have purchased.

**Co-Operative:** An enterprise or organization that is owned or managed jointly by those who use its facilities or services. Those who purchase within a Coop are considered to be shareholders. While shareholders do not own the apartment, they do own a percentage of shares within the cooperative and are entitled to a long term "proprietary lease" The percentage of ownership is generally proportionate to the size of the apartment. Shareholders contribute a monthly maintenance fee to cover the amenities of the building. Heat, hot water, insurance, staff salaries, etc. are some of the expenses covered by maintenance fees. Some of the disadvantages of coop ownership are:

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**Contact Person:** This person is hired by the owner of a building for the purpose of showing the property and serving as a liaison between the prospective tenants and the landlord.

**Contract Out:** In a sale or rental transaction, a buyer/renter and a seller/owner must agree on a price/rent before the deal can be finalized. When all parties involved are in verbal accord, the Lease or sales contract must be drawn and executed by the renter/purchaser. At this point, the property at hand is referred to as having the "contract out".

**Conversion (1):** The change in usage of a building. Usually illustrated when an older commercial space is converted into a residential space for the purpose of having the property flourish to its fullest potential. Owners may perform this change during volatile residential market times or if they are offered a tax incentive from the city of its location. (2): The change of a rental building to a Co-operative type of ownership. This usually occurs when an individual or a company serves as a sponsor during the process of the change.

**Convertible:** An apartment that has one technical size but the potential space to be expanded to a larger size is considered convertible. A one or two bedroom apartment with an L-shaped dining area can be easily transformed by erecting a wall to separate the spaces, however the L-shaped area must contain a window in order to satisfy legal criteria of conversions.

**Courtyard:** The interior outdoor space within a building complex.

**Courtyard View:** This term is often used to describe an apartment that receives little sunlight and does not face the street.

## D

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**Debt Service:** Annual monthly amount to be paid by debtor to repay borrowed money.

**Developer:** One who improves land with buildings, usually on a large scale, and sells to homeowners and/or investors.

**Discount Points:** An added loan fee charged by a lender to make the

yield on a lower-than-market-value loan competitive with higher-interest loans.

**Dual Sink/Vanity:** Two separate sinks in the bathroom of an apartment, usually His and Hers.

**Duplex:** In Manhattan this refers to an apartment with 2 floors or levels and not to 2 apartment units.

## E

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**Egress:** A way out.

**EIK:** An acronym used to describe an Eat In Kitchen facility.

**Elevator buildings:** A 6 story or more non-doorman building which may be pre-war or post-war. Elevator buildings usually have an intercom or video security system.

**En Suite Bathroom:** French term for 'together' used in real estate when referring to a bathroom that is adjoined with the bedroom. En suite bathrooms are common in master bedrooms.

**Equity:** Interest or value that an owner has in his or her property over and above any mortgage debts.

**Escrow:** Money placed into the custody of a third party for delivery to a grantee upon fulfillment of specified conditions.

**Exclusive Agency Listing:** Listing contract under which the owner appoints a real estate broker as his or her exclusive agent for a designated period of time to sell the property, on the owner's stated terms, for a commission. The owner reserves the right to sell without paying anyone a commission.

**Exclusive Right to Sell:** A listing contract under which the owner appoints a real estate broker as his or her exclusive agent for a designated period of time to sell the property, on the owner's stated terms, and agrees to pay the broker a commission when the property is sold, whether by the broker, the owner or another broker.

**Executor:** Person or corporate entity designated in a will to carry out its provisions.

## F

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**Facade:** The face of a building that can consist of limestone, brownstone, cement, glass, granite or marble.

**Fiduciary:** Person who acts on behalf of another and transacts business or handles money regarding property not the persons own. The relationship is characterized by trust and confidence.

**Financing Allowed:** Each cooperative building allows prospective purchasers to finance a portion of the purchase price of a unit. Very often the percentage to be financed is between 70% and 80% of the sale price and is determined by the Board of Directors. However, more established buildings have lower finance rates or none at all.

**Fixtures:** Personal property attached to the land or improvements that become part of the real property.

**Flip Tax/ Transfer Fee:** A flip tax/ transfer fee is a tax imposed by the cooperative on the sale of a unit within said building. This fee can be based on a percentage of the gross sale, net sale, gain, or the number

of shares held by the shareholder or a fixed number determined by the Cooperative board. The flip tax can be paid by the purchaser, seller or shared by both parties. These fees are utilized by a building for the purpose of increasing its reserve fund.

**Floating Rate:** A type of rate offered by lending institutions in which the lender offers an interest rate, which fluctuates with the prevailing rates offered to said lender.

**Foreclosure:** A procedure whereby property pledged as security for a debt is sold to pay the debt in the event of default in payment or terms.

**FSBO - For Sale By Owner**

**Full Service Building:** This term is used to describe a building that employs a full time doorman and concierge.

## G

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**Grace Period:** Additional time allowed to perform an act or make a payment before a default occurs.

## H

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**Half-Bath:** A bathroom without a bathtub or shower. A half-bath is also known as a powder room.

**High Ceilings:** Ceilings that are nine feet or above in height. Most pre-war and many of the newly constructed condominiums are notorious for their high ceilings.

**Holdover Tenant:** A tenant who remains in possession of the leased

property after the expiration of the lease term, and the landlord, by continuing to accept rent, agrees to the tenant's continued occupancy.

**Involuntary Lien:** A lien imposed against property without the consent of the owner, such as taxes and special assessments.

**Interest Rate:** The fee incurred by lending institution to mortgage holders for the service of borrowing money. Rates can vary and are set by the Federal Reserve Board.

**In Contract:** This term is used to illustrate the period of time in which the seller/owner and buyer/renter have agreed to the terms of a transaction and are in the process of signing contracts to close said deal.

## J

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**Junior One:** An apartment with an alcove off of the living room has been converted into a bedroom or dining room.

## K

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**Keyed Elevator:** when an apartment occupies then entire floor of a building, a keyed elevator normally accompanies it. This elevator leaves you in the foyer of the apartment. This type of elevator is normally seen in loft spaces or high-end units.

# L

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**Land Lease:** A lease of land only, on which the tenant usually owns a building or constructs a building as specified in the lease.

**Lease Assignment:** When a lessee/tenant must leave his/her apartment before the end of the lease term, but is still held responsible through the end of said term. The lessor/owner may allow the original tenant to reassign his/her lease to a new tenant.

**Lease:** A legal document, often prepared by an attorney, which outlines the responsibilities between the Landlord and Tenant.

**Lessee:** Tenant

**Lessor:** Landlord

**Lien:** Right given by law to certain creditors to have their debt paid out of the property of a defaulting debtor.

**Listing:** A contract between principal and agent, authorizing the agent to perform services for the principal within a given time, for which the principal agrees to pay a commission.

**Litigation:** The act of carrying on a lawsuit.

**Loft apartments:** Generally former commercial or industrial buildings that have been converted into apartments. These buildings rarely provide a doorman and usually consist of vast spaces with high ceilings. Many lofts are found in Greenwich Village, Soho, Tribeca, Chelsea or the Flatiron District.

**Loft area:** This is an additional space

created in apartments with very high ceilings. The loft area is constructed above the living area, accessed via a staircase or ladder and used for extra storage, sleeping or living space (e.g. an office.)

**Loft Space:** Former commercial or industrial spaces converted into apartments. Most loft buildings are not serviced by a doorman.

**Lot:** Each New York city parcel of land is divided into lots for purpose of identification.

# M

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**Maisonette:** A ground floor apartment with a separate street entrance from the rest of the building. This type of apartment usually has a second entrance inside the building's lobby, but still shares the same amenities as the rest of the building.

**Maintenance:** Monthly charges paid by an individual cooperative owner to the cooperative as their proportionate of expenses to the building. Maintenance consists of three components: The daily costs of daily building operations, the shareholders proportionate share of the building's underlying mortgage and local building real estate taxes.

**Managing Agent:** Most cooperative and condominium buildings will hire an independent company to manage the property. These firms are responsible for managing the daily maintenance, rent rolls, collection of rents, monthly or maintenance charges and enforcing overall building policies.

**Market Value:** The probable price a ready, willing, able, and informed

buyer would pay and a ready, willing, able, and informed seller would accept, neither being under any pressure to act.

**Marketable Title:** A title which a court of equity considers to be so free from defect that it will enforce its acceptance by a purchaser.

**Meeting of the Minds:** Whenever all parties to a contract agree to the exact terms thereof.

**Mortgage:** When purchasing a property, a buyer will often obtain a loan from a lending institution to cover the larger percentage of the purchase price. The several main components of a mortgage are the interest rate (floating or fixed), the term of said mortgage and the amount that is being financed.

**Mortgage Points:** Some lending institutions will add points to an already existing mortgage as a preliminary cost of doing business. I.e. if a lender offers a mortgage rate at 2 points, the borrower will be paying 2% of the total mortgage up front.

**Mortgage Commitment:** A formal indication, by a lending institution that it will grant a mortgage loan on property, in a certain specified amount and on certain specified terms.

**Mortgagee:** A lender in a mortgage transaction.

**Mortgagor:** A borrower who conveys his or her property as security for a loan.

**Murphy Bed:** A bed that is attached to a wall and can be pulled down when needed. These beds are great space savers for smaller apartments and are barely noticeable when closed.

## N

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**Negative Pledge:** A co-operative apartment loan given in a building whose Board of Directors does not permit financing. Instead of pledging the shares to the lending institution, which requires recognition of the lien in writing by the Co-op Board, the purchaser agrees not to pledge the shares for any other purpose, hence the name “negative pledge.” Other collateral may be required for a loan of this nature.

**Net Listing:** A price below which an owner will not sell the property and a broker will not receive a commission. Net listings are illegal in New York State. The broker keeps any amount above the net price.

**No Board Approval:** This term is used to indicate that a prospective purchaser or renter is not subject to the scrutiny of a Board approval process when purchasing or renting a cooperative apartment.

## O

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**Offer and Acceptance:** Two essential components of a valid contract; a meeting of the minds when all parties agree to the exact terms.

**Offer Accepted:** This term illustrates the point of a deal in which an owner accepts the business terms of an offer in relation to the purchase or rental of a unit. This can include the

price, term or any contingencies the parties may agree upon.

**On-site Broker or Contact Person:** This refers to the person that is hired by the owner of a rental building that is physically facilitated at said premises for the purpose of showing vacancies, answering any questions and conducting the transactions essential to the rental of a unit.

**Open House:** In order to market and promote a property, the listing broker or owner of a property may hold an open house in order to get a larger number of interests in the premises over a shorter period of time.

**Open Listing:** A listing that is distributed throughout a brokerage community by an owner or building management firm that is not being compensated for on a co-broke basis. This type of listing may allow a broker to collect a larger fee than if the property were being marketed by a brokerage firm.

**Option:** An agreement to keep open for a set period of time an offer to sell or purchase property, usually for consideration.

**Original Room Count:** Refers mostly to pre-war buildings that were originally built to accommodate one or two apartments per floor that encompassed 10-16 rooms each. Over time the original apartments have been reduced in size to create a greater amount of smaller apartments. On the other hand, original room count can also refer to an individual apartment that has been altered from its original design such as a 1 bedroom converted to a two bedroom.

**Owner Pays (OP):** As an incentive to a prospective tenant or brokerage firm, the owner of a building complex or an individual apartment may offer to pay a portion or all of the brokerage commission on the rental of an apartment.

## P

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**Parlor Floor:** This refers to the second, and often grandest floor of a townhouse.

**Performance Bond:** A bond used to guarantee the specific completion of an endeavor in accordance with a contract.

**Pet Policy:** Each building has a standard pet policy. This can reflect a strict No Pet policy or some type of flexibility as to what pets are allowed within a building.

**Points:** Discount charges imposed by lenders to raise the yields on their loans. One point equals one percent of the amount of the loan.

**Possession:** This term to illustrate the actual occupancy of a unit by a new tenant or owner.

**Post-war buildings:** Buildings built between the late 1940s and the late 1970s. They are generally hi-rise and most have doormen.

**Powder Room:** A bathroom without a bathtub or shower. This is usually referred to as a half bath.

**Power of Attorney:** A written instrument duly signed and executed by an owner of property, which authorizes an agent to act on behalf of the owner to the extent indicated in the instrument.

**Prepayment Clause:** A clause in a mortgage which gives a mortgagor the privilege of paying the mortgage indebtedness before it becomes due.

**Pre-war buildings:** Buildings built before World War II. These buildings are usually ten to twenty stories tall and are sought after for their larger rooms, fireplaces, hardwood floors and higher ceilings. They may or may not provide a doorman.

**Principal:** The employer of an agent or broker; the broker's or agent's client.

**Professional Space:** Office space set aside in a residential complex for use to conduct businesses such as dental or medical practice.

**Proprietary Lease:** A written lease in a cooperative apartment building, held by the tenant/shareholder, giving the right to occupy a particular unit.

**Prospectus:** A printed statement disclosing all material aspects of a real estate project.

**Purchase Money Mortgage:** A note secured by a mortgage given by a buyer, as mortgagor, to a seller, as a mortgagee, as part of the purchase price of the real estate.

## Q

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**Quadruplex:** An apartment that is spread out over four levels.

**Quiet Enjoyment:** The right of an owner or a person legally in possession to the permitted use of property without interference of possession.

## R

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**Racial Steering:** The unlawful practice of influencing a person's housing choice based on his race.

**Ready, Willing and Able Buyer:** One who is prepared to buy property on the seller's terms and is ready to take positive steps to consummate the transaction

**Real Property:** Land, and generally whatever is erected upon it or affixed thereto.

**Recessed Lighting:** Lighting that is located above the ceiling and does not have This type of lighting provides a very clean and contemporary look to an apartment.

**Recognition Agreement:** The agreement between the co-operative building and the bank lending money for purchase of shares of stock in the co-operative.

**Recording:** The act of recording or entering in a book of public record instruments affecting the title to real property.

**Redemption:** The right of a mortgagor to redeem the property by paying a debt after the expiration date and before sale at foreclosure: the right of an owner to reclaim the owner's property after the sale for taxes.

**Red Herring:** Preliminary offering plan for a cooperative or condominium project submitted to the attorney general and to tenants and subject to modification.

**Rental Sublet:** In the event that a tenant may need to leave his/her apartment for a short period of

time, they may opt to assign their current Lease to another tenant. Most sublets are furnished and last anywhere from six months to a year.

**Reserve Fund:** Each cooperative and condominium maintains a reserve fund for the purpose of paying monthly expenses used for the overall maintenance of the building.

## S

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**Shares:** Shares represent the portion of the building that is owned by the individual shareholder. Shares are determined by the size of the unit, the floor on which it is located.

**Shortfall:** This term is used to illustrate a situation in which the owner is unable to meet the operating expenses of a building. This is usually caused by a lack of sufficient building income.

**Short Term:** Many apartments are available on a short-term basis ranging from 1-6 months. Short-term rentals are typically furnished and offer the tenant a less expensive alternative to expensive hotel bills.

**Service Level:** Usually known as the lobby or level in which the front door service may be allocated.

**Special Assessment:** An assessment made against a property to pay for a general improvement by which the assessed property is supposed to be especially benefited.

**Specific Performance:** A legal action brought in a court of equity in special cases to compel a defendant to carry out the terms of an agreement or contract.

**Sponsor:** The developer or owner organizing and offering for sale a condominium or cooperative development.

**Square Footage:** Measurement used to determine the technical size of an apartment. Measurements are usually approximate unless they are that of a condominium unit. The measurements of condominium units are usually more accurate since the offer books, by law, have to reflect the actual size of said unit.

**Statute of Frauds:** State law which provides that certain instruments, such as deeds, real estate sales contracts, and certain leases must be in writing in order to be legally binding.

**Statute of Limitations:** Law pertaining to period of time within which certain actions must be brought to court, in New York, 6 years for contracts.

**Studio:** 1 or 2 rooms with combined living and sleeping areas.

**Subletting:** A leasing by a tenant to another for part of the lessee's remaining term.

**Surrogate's Court (Probate Court):** A court having jurisdiction over the proof of wills and the settling of estate.

## T

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**Tax Abatement:** Tax break offered by the city as an incentive for development in a particular area.

**Tax Deductibility:** Each cooperative has an annual number that reflects the amount that each individual shareholder will be allowed to deduct

off of his/her individual income tax. The number also reflects the shareholders proportionate share of the buildings underlying mortgage and the real estate taxes imposed for that year.

**Term:** The duration of time by which an apartment is leased to a tenant.

**Terrace:** A platform extending outdoors from the floor of a house or apartment building.

**Time Is of the Essence:** A phrase in a contract that requires the performance of a certain act within a stated period of time, terminating irrevocably on a certain date.

**Title:** Evidence that owner of land is in lawful possession thereof; evidence of ownership.

**Title Search:** An examination of the public records to determine the ownership and encumbrances affecting real property.

**Townhouse:** (AKA Brownstone): 4-6 story buildings built in the 1800s to early 1900s. These can be single family houses or may have been converted over the years into multiple apartments. They are prized for their charm and elegance. In almost all cases these buildings do not have a doorman.

**Transfer Tax:** A tax charged under certain conditions on the transfer of property. Both New York State and New York City impose transfer taxes.

## U

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**Unearned Increment:** An increase in value of real estate due to no effort on the part of the owner; often due to increase in population.

**Unsold Shares:** Shares within a cooperative building that have not yet been sold to individual shareholders. These shares remain as assets of the cooperative sponsor. When a building is converted from a rental property to a cooperative, the remaining tenants who do not wish to purchase within the building pay the sponsor rent in order to stay in the cooperative. Their apartments are considered unsold shares.

**Utilities Included:** This refers to an apartment that includes gas and electric in the monthly rent.

## W

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**Walk-up buildings:** Generally the least expensive type of housing in Manhattan and the quality can vary widely. Usually these are 4 to 5 story buildings with no doorman and no elevator. They were originally constructed as multi-family dwellings.

**Walk through Kitchen:** A kitchen with two means of egress.

**Window Treatments:** Shades or blinds put on a window.

### Source

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