

NEW YORK

How to Buy a Wreck...

Five rules for fixer-uppers.

By: S. Jhoanna Robledo
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inspect the house to make sure each stage has been completed before more cash is released.

1. **First, team up.** You'll need a real-estate agent, a lawyer, and an architect and/or engineer experienced in handling basket-case houses. Before you make an offer, says Prudential Douglas Elliman's George van der Ploeg, you and your broker should look up recent sales on nearby blocks to see what both wrecks and rehabbed houses are selling for. That'll help set a realistic renovation budget.

2. If you need to borrow money toward renovation, **prepare to pay a half-point or so more** for a construction loan than you did for your mortgage. According to Julie Teitel of GuardHill Financial, only a few lenders offer these loans, and they come with pretty specific terms. The bank will want to see the plans; it will let you fund 75 percent of the renovation at most. The money will be parceled out in five phases, and an appraiser will

3. **Have your lawyer search for a Certificate of Occupancy**, which states whether the Department of Buildings considers The house a one-family or a multifamily. If it's the latter, you will likely spend \$35,000 to reclassify it, says architect-expediter Michael Zenreich. If there's no C of O, you'll need an expediter or contractor to file the paperwork, a process that takes months. Otherwise, says attorney Edan Pinkas of Friedberg Pinkas PLLC, "you're living there illegally, and you'll never get the sign-offs" to renovate. Even if you do get away with it, the lack of documentation can bite back when it's time to sell.

4. If the house has been a rental, **you'll need a Certificate of Non-Harassment** attesting that you didn't force former tenants out, from the Department of Housing Preservation and Development. If you don't have one, you'll have to go to HPD and look up old leases, even if the house has been empty. "It may have been livable three or four years prior, and there may be tenants that still retain rights to living in the building," says Pinkas. "The last thing you want is you close on a property, you start doing renovations, and all of a sudden, people

*... And Three to Consider
Houses with big problems, big potential.*

From left to right:

Price: \$649,000

311 West 126th Street

To be clear: This one needs a total overhaul. But the lot's deep (100 feet), and it's in prime Harlem, two and a half blocks from the restaurant scene on Lenox Avenue.

Broker: Christopher L. Riccio, Leslie J. Garfield.

Price: \$699,000

1889 Lexington Avenue

This twelve-room house, currently an SRO, has a lot of detail remaining but also needs a lot of attention. And it's only a block and a half to the train.

Broker: Joseph Baglio, Madison Estates & Properties.

Price: \$1.2 Million

68 Edgecombe Avenue

Once used as a church annex, this brick townhouse (five bedrooms, three full baths) needs a new roof and heavy cosmetics. Upside: three exposures and a garage. **Brokers:** JoLinda Ruth Cogen and Michael Davu, Prudential Douglas Elliman.

