RUS

BOGDAN NICOLAE RUS · REALTOR® · EXP REALTY

# The Investor's Guide

How to buy income property in Hudson County and across New Jersey: the buildings, the numbers, the financing, the rules, and the mistakes that only show up after closing.

BOGDANNICOLAERUS.COM (201) 584-6156 VORBIM ROMÂNEȘTE

A NOTE FROM ME

# Before you start, read this.

Investors come to Hudson County for the same reason tenants do: the PATH, the ferry and the skyline put Manhattan wages within a fifteen-minute ride of a two-family house. That is the whole thesis, and it is a good one. It is also a market where the difference between a building that pays and a building that eats you is invisible on the listing.

This guide is how I look at an income property before I let a client bid: the building types and what each one really is, the math that matters and the math that lies, how they get financed, what New Jersey's tenant and rent-control rules do to the numbers, and what the first ninety days of ownership look like when they go right.

I am a licensed REALTOR® with eXp Realty. I sell and lease these buildings, I coordinate the trades that turn them over through my concierge network, and I walk the blocks they are on every week. English and Romanian.

No projections in here, on purpose. The numbers come from your building, and we run them together.

Bogdan

Bogdan Nicolae Rus · NJ license #2186044 · eXp Realty LLC

CONTENTS

# What is in here.



"A building is a business with a roof. Buy the business, then fix the roof."

01 · THE THESIS

# Why here, and why now is a question.

Hudson County rents are set by a commute, not by the building. Every stop closer to a PATH station, a ferry slip or a light-rail platform is a rent premium a tenant will pay year after year. The supply of small buildings near those stops is fixed. That is the investment case, and it has held through every cycle I have worked.

### What is true

Deep, durable rental demand from Manhattan and Jersey City employers. Older housing stock that rewards renovation. Towns that are still cheaper than the block one stop east. Financing that lets an owner-occupant buy a four-family with a small down payment.

### Why "now" is a question

Prices, rates and rents move separately. Some years the math works on almost any building; some years it works only on the right one bought well. I will tell you which year this is for the building you are looking at, with the comparables, not a forecast.

### What is also true

High property taxes that vary block to block. Rent-control ordinances in most of the county. Strong tenant protections that make a bad tenant expensive to remove. Flood zones on the waterfront. Older buildings with old sewer lines, knob-and-tube wiring and oil tanks.

### The investor I work best with

Someone who wants a building they can see from the train, will hold for years, has reserves after closing, and wants the truth about the numbers more than a yes.

# Two to four family, multifamily, condo, mixed use.

### Two to four family

The Hudson County classic: a brownstone, a frame house or a rowhouse with two, three or four apartments. Residential financing, owner-occupant loan programs, and often exempt from rent control when small and owner-occupied. You own the roof, the boiler and the sewer line. The best first building for most investors.

### Five units and up

Commercial financing, underwritten on the building's income rather than yours. Rent control almost always applies, state registration and inspections apply, and the economies of scale are real. Priced on cap rate, not on comparables.

### Condos as rentals

Simple to own, easy to finance, and the association's rules, fees and assessments decide your return. Read the rental restrictions, the reserves and the minutes before you count on it as an investment. Some buildings limit or ban rentals.

### Mixed use

A storefront with apartments above. Two businesses in one building: commercial leases, different financing, different vacancy risk, often stronger cash flow. Not a first building, and a good third one.

### New construction and condo conversions

Warranties, modern systems, higher rents and higher prices. In rent-controlled towns new buildings are often exempt for a period; know when it ends.

### Land, and the small development

Possible here, slow here. Zoning, parking rules and inclusionary requirements decide it. I bring in the architect and attorney before you bring in an offer.

# The numbers that matter.

Every building gets the same one-page underwriting before we bid. If the numbers do not work on this page, no story about the neighborhood fixes them.

01 **Gross scheduled rent**

Every unit at its actual, legal rent, from the leases and the rent-control registration, not the listing. Then market rent for each unit, honestly, from comparable leases in the last 60 days.

02 **Vacancy and collection loss**

A percentage off the top, every year, even when the building is full today. Turnover here is real and a non-paying tenant takes months to resolve.

03 **Operating expenses, all of them**

Property taxes at the current assessment, insurance quoted for a landlord policy, water and sewer, common electricity, heat if the owner pays it, repairs and maintenance, management whether you self-manage or not, and a capital reserve for the roof and the boiler. Sellers' expense sheets forget half of these.

04 **Net operating income**

Gross rent minus vacancy minus expenses. This is the building's income before any mortgage.

05 **Cap rate, cash flow, cash-on-cash**

Net income divided by price is the cap rate, how the market prices income here. Net income minus the mortgage payment is cash flow. Cash flow divided by the cash you put in is your cash-on-cash return. All three, on one page, before we bid.

06 **Stress it**

Rates one point higher, rents five percent lower, one unit empty for three months, taxes reassessed. If the building survives that page, it is a buy.

# The numbers that lie.

### "Pro forma" rents

The rent the seller says the units could get. In a rent-controlled building the legal rent may be far below, and a vacancy may not reset it. We underwrite the actual and the legal rent, and treat market rent as an upside, not a base.

### Taxes at the last sale

Property taxes in Hudson County are reassessed, and a sale can trigger it. Underwrite the tax at what the assessor will likely set after you buy, not what the seller paid.

### Owner-paid heat

A building where the owner pays heat for four units has an expense line that doubles in a cold winter. Get two years of bills.

### Deferred maintenance sold as "character"

A hundred-year-old roof, a boiler from the eighties, a sewer line that has never been scoped, knob-and-tube wiring, a buried oil tank. Each is a five-figure line the seller's expense sheet does not show. The inspection budget is the cheapest money in the deal.

### Below-market tenants who "will leave"

A long-term tenant at half the market rent in a rent-controlled building is a permanent condition, not a temporary one. Price the building as if they stay, because they can.

### Gross rent multipliers and rules of thumb

A quick multiplier hides taxes, heat and rent control, the three things that decide returns here. Use the one-page underwriting, every time.

# From the FHA house-hack to DSCR.

### Owner-occupant: FHA, 3.5% down

Live in one unit of a two-, three- or four-family and FHA will finance it with 3.5% down, using a share of the other units' rent to qualify. Loan limits are higher in Hudson County than most of the country. It is the most powerful entry into real estate for a first investor, and the reason so many Hudson County portfolios started with one brownstone.

### Owner-occupant: conventional, 5% down

Conventional loans now allow 5% down on owner-occupied two- to four-family homes for qualified buyers, without FHA's mortgage insurance rules. Compare both.

### Investor conventional

Not living there: usually 20% to 25% down, higher rates, reserves required, and the lender counts a share of the rents. Up to a set number of financed properties per borrower.

### DSCR loans

Underwritten on the building's rent covering the mortgage, not on your tax returns. Faster, more flexible, a bit more expensive, and the standard tool for the third building onward and for buyers with complex income.

### Commercial loans, five units and up

A bank or agency lender underwrites the building's income, wants a track record and reserves, and prices on a shorter term with a balloon. The building's operating statement is the application.

### Cash, hard money and the refinance

Cash wins bidding wars and closes in weeks. A bridge or hard-money loan funds a renovation; the refinance into a DSCR or conventional loan afterward pulls the cash back out. The exit has to be underwritten before the entry.

# Rent control, tenants and the law.

New Jersey's landlord-tenant law is part of the underwriting, not a footnote. These are the rules that change what a building is worth.

### Rent control

Jersey City, Hoboken, Union City, West New York, North Bergen, Weehawken, Bayonne and others cap annual increases on covered units. Coverage depends on unit count, building age and owner-occupancy; small owner-occupied buildings and new construction are often exempt, sometimes only for a period. The legal rent, the registration and any vacancy decontrol rule are the first documents we pull.

### The Anti-Eviction Act

Tenants in most buildings can be removed only for good cause, through court, with statutory notices. "I bought the building" is not good cause. An owner moving into a small building can be, with the right notice. A building's value depends on which of its tenants can be asked to leave, and when.

### Deposits transfer with the building

The security deposits, with interest, move to you at closing, and you are responsible for them either way. Make the transfer and the tenant notices part of the closing checklist.

### Registration, certificates, lead

Landlord registration with the town or the state, rental certificates at turnover, and lead-safe inspections every three years for pre-1978 units. Missing paperwork blocks evictions and rent increases. Ask the seller for all of it before attorney review ends.

### Screening and fair housing

Source-of-income protection, the Fair Chance in Housing Act on criminal history, and the state's Law Against Discrimination apply to every unit you lease. The Landlord's Guide covers the process.

### Condo conversion

Possible, regulated, and slow: registered plans, long tenant notices and protections for existing tenants. A strategy, not a quick exit.

# Due diligence on an income property.

Everything a home buyer checks, plus the business. Attorney review and the inspection period are short; we ask for all of this in the first offer so it arrives on time.

## The paper

- [ ] Every lease and rider, and the rent roll signed by the seller.
- [ ] Rent-control registration and the legal rent for each unit.
- [ ] Security deposit ledger with bank statements and interest paid.
- [ ] Two years of tax bills, water and sewer, insurance, heat and common electric.
- [ ] Landlord registration, rental certificates, lead-safe certificates, fire inspections.
- [ ] Open permits, violations and code history with the town.
- [ ] Estoppel letters from tenants confirming rent, deposit and no side agreements.
- [ ] Service contracts, warranties, and the boiler and roof history.

## The building

- [ ] Full inspection of every unit, including the one the seller says cannot be shown. No unit, no offer.
- [ ] Sewer camera, oil-tank sweep, chimney, roof, electrical panel and wiring type, boiler age and service tags.
- [ ] Flood-zone map and elevation certificate on the waterfront; insurance quote before attorney review ends.
- [ ] Environmental: underground tanks, asbestos in older heating, lead paint.
- [ ] Zoning: the number of units the town says the building legally has. A "four-family" with three legal units is a three-family.
- [ ] Meet the tenants. Ten minutes at each door tells you more than the rent roll.

# Taxes, abatements and the 1031 exchange.

### Property taxes

High, uneven, and the single largest expense on most buildings here. Underwrite the post-sale assessment. Appeal when the comparables support it; the deadline is in the spring and the savings compound.

### Abatements

Jersey City and other towns granted long-term tax abatements to many newer buildings. They lower the payment for years and then end on a schedule. Know the schedule; a building two years from the end of its abatement is priced by people who did not read it.

### Transfer fees when you buy and sell

New Jersey's realty transfer fee is the seller's. Since July 10, 2025 the "mansion tax" on sales over $1 million is also the seller's, tiered from 1% to 3.5%. It changes what you net on the way out; model it.

### Depreciation and the accountant

A rental building is depreciated over decades, which shelters income on paper. Cost segregation can accelerate it on larger buildings. An accountant who does real estate is part of the team, not an expense.

### The 1031 exchange

Sell one investment property and buy another of equal or greater value within strict deadlines, 45 days to identify and 180 to close, through a qualified intermediary, and defer the capital-gains tax. It is how portfolios grow here without paying tax at every step. The clock starts at closing; the plan starts before listing.

### Entities and insurance

An LLC per building or per few buildings, umbrella liability coverage, and a landlord policy. Your attorney and accountant set it up before the closing, not after.

# Value-add: what returns here.

Renovation raises rent only where a tenant will pay for it and the ordinance allows it. This is what I see paying back on the blocks I work, and what does not.

## Pays back

Kitchens and baths done cleanly, not lavishly. In-unit or in-building laundry. Split heating and cooling that moves the utility to the tenant. A finished basement that becomes legal storage or, where zoning allows, a legal unit. Separate metering. A front door, a buzzer and a hallway that say the building is cared for.

## Rarely pays back

High-end finishes in a building whose rents are capped. A roof deck on a three-family. Anything that requires a variance you have not got. Cosmetic work on a building with a failing sewer line.

## The legal unit

Adding a legal apartment is the largest single value-add here, and the most regulated: zoning, parking, egress, permits, inspections and a new certificate of occupancy. Done right it changes the building's income class. Done informally it is a liability the next buyer's inspector finds.

## Turnover timing

Renovate a unit when it turns, not while a long-term tenant is in it. Sequence the building unit by unit, funded by the rents of the others.

## The trades

Through my concierge network: licensed, insured, already working in these buildings and priced for owners who give repeat work. Scope, budget and a schedule before the first wall comes down.

## The refinance

A renovated, re-leased building appraises on its new income. That appraisal is how the renovation money comes back out to buy the next one.

# The first ninety days.

01 **Before closing**

Deposits transferred with the ledger, tenant notices ready, landlord policy bound, registration forms filled, utilities scheduled to transfer, and a letter introducing you to every tenant with where and how to pay.

02 **Week one**

Meet every tenant. Confirm rent, deposit, contact details and anything broken. File the landlord registration with the town or state and the rent-control registration where required. Put the deposits in a New Jersey interest-bearing account and send the written notices within 30 days.

03 **Month one**

Service the boiler, test every detector, walk the roof and the basement, scope anything the inspection flagged. Set up the bookkeeping: one account per building, every expense captured from day one.

04 **Month two**

Review each lease's end date and the ordinance. Plan increases where allowed, renovations where a unit will turn, and the capital calendar for the year.

05 **Month three**

Lead-safe inspection if due, rental certificates for any turnover, and the first quarter's numbers against the underwriting. Where they differ, find out why now.

06 **Management decision**

Self-manage if you are near, available and organized. Otherwise a manager, and, when it launches, House of Rus management with every unit, lease, ticket and dollar visible in one place.

# A portfolio, not a hobby.

### One building, done well

The first building teaches you the town, the trades, the tenants and the paperwork. Run it for a year before the second. The owners who fail bought three in a year.

### Buy the second with the first

A refinance on the renovated first building, or a 1031 exchange out of it, funds the second. The underwriting page is the same; the lender is often different.

### Concentrate

Three buildings within a fifteen-minute walk are easier to run, easier to staff and easier to sell as a package than three scattered across the state.

### Reserves are the strategy

Cash for the roof, the boiler and the tenant who stops paying. The investors who hold through a bad year are the ones who did not spend their reserves on the next down payment.

### Know your exit

Sell to the next investor at a cap rate, sell a small building to an owner-occupant at a comparable-sale price, or hold and refinance. Each exit is worth a different number; know which the building is built for.

### The team

Agent, lender, attorney, accountant, insurer, the trades, and a manager. Assemble it once and reuse it. Mine is on the next page.

# Who you will meet.

## Me

Sourcing including off-market buildings, the underwriting page, the offer, due diligence, the leasing afterward and the sale when it is time. English and Romanian.

## Your lender

FHA and conventional for the house-hack, DSCR and commercial afterward. One who has closed on Hudson County multifamily.

## Your attorney

Attorney review, the contract with the income-property riders, the deposit transfer, the entity, and the closing.

## Your accountant

Depreciation, cost segregation, the 1031 exchange, and the entity structure.

## The inspector and specialists

General inspection, sewer camera, oil-tank sweep, chimney, environmental where needed.

## The appraiser

Confirms the value, on income for larger buildings. Meets the comparables I bring.

## The town

Zoning confirmation, permits and violations, rental certificates, registration, the rent leveling office.

## Insurance broker

Landlord policy, umbrella, flood where required, builder's risk during a renovation.

## The trades

Through my concierge network: licensed, insured, and used to working around tenants.

## The qualified intermediary

Holds the proceeds in a 1031 exchange. Engaged before the sale closes, never after.

## A property manager

When you are out of town, out of time, or past three buildings.

NEXT STEP

# Bring me the address.

Send me a building you are looking at, or tell me the budget and the towns, and within 24 hours you have the one-page underwriting: actual and legal rents, the real expenses, the cap rate, the cash flow and the stress test. Free, and I will tell you if the building is not a buy. Vorbim românește.

CALL OR TEXT (201) 584-6156

EMAIL bogdan@bogdannicolaerus.com

WEB bogdannicolaerus.com

OFFICE 50 Harrison St, Hoboken, NJ 07030

RUS