

AmEx Makes Room on Its Cards For Down Payments on Condos

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Coming up with the money for a down payment on a new condominium may soon be as easy as charging it: American Express Co. is expected to announce today that it will allow some customers to use its cards to make condominium down payments.

For now, the service appears to be limited to a select few: luxury-condo buyers in Manhattan. American Express is rolling out the program with New York real-estate firm Moinian Group, for one of its properties currently under construction -- the Atelier condominium in Midtown Manhattan. Both companies say they plan to expand the service to other properties and partners.

For condo buyers, the deal will allow them to earn reward points or frequent-flier miles on big transactions, while extending the amount of time they have to meet the down-payment requirements and eliminating the hassle of getting certified checks. Buyers will earn one point for every dollar charged.

Joseph Moinian, Moinian's chief executive, says the company is offering the service as an amenity to attract high-end condo buyers.

Bill Glenn, American Express's head of merchant business, says the move is part of the company's efforts to expand the ways its clients can use its cards. The companies didn't disclose the terms of the agreement, although Moinian will pay American Express a fee on each transaction. The condo buyer won't be charged an additional fee.

American Express says the program is available across all of its cards, including its bank-issued cards. Since AmEx charge cards -- Green, Gold, Platinum, and Centurion -- don't have preset spending limits, cardholders will be able to charge the large amounts required for down payments.

Customers may run into a snag in some cases. If the amount charged is "widely out-of-pattern" for the customer, then the transaction may be flagged until the company gets more information, a spokeswoman notes. Customers who hold AmEx credit cards -- such as Blue -- may be limited by their card's credit limits, which are based on their spending patterns and credit-worthiness -- although a spokeswoman says the company, in some cases, may extend the credit limit for the down payment.

Siva Tayi, a potential Manhattan condo buyer from Houston, plans to charge the 10% down payment on a \$1.2 million two-bedroom unit in Moinian's Atelier condo on his Platinum card. "I thought it was a good idea to use the [card] and gain the points," says Mr. Tayi, who runs an information-technology staffing and outsourcing company. Not only does it eliminate the hassle of writing a check or having to wire money, he says, but with the 120,000 points he expects to get -

combined with the 300,000 points he has already accumulated -- "I can probably make a trip to India."

The program expands American Express's partnerships with real-estate merchants. The firm currently works with over a dozen property-management companies in 34 states to allow their tenants to pay rent with an AmEx card.

The move comes at a time when more landlords are allowing tenants to pay their rent with plastic. About 15% of the rental apartments in the U.S. accept credit-card payments, estimates Matt Golis, chief executive of YapStone Inc.'s RentPayment, a San Francisco processing firm that works with apartment owners and managers to enable acceptance of credit cards. Most of its new customers this year are offering to pay the costs incurred by offering credit cards as a payment alternative in order to have a competitive advantage over other properties, he says.