

Area J Cooperatives Frequently Asked Questions:

1) What exactly is a cooperative town home?

Area J Cooperative Town Homes are not real property. This is not a real estate purchase. A buyer purchases a share in the cooperative association, a share of capital stock. This share includes almost all the rights, privileges, and responsibilities of owning real property.

2) Who runs a cooperative association?

The Association is controlled by an elected board of directors who are residents and shareholders. Committees-- also made up of residents-- support this board. The Board hires and is responsible for the full time management and maintenance staff that serves the residents. The Board is responsible for creating, revising, and enforcing the rules and regulations of the association.

3) Who do I buy a share and the corresponding unit from?

You purchase your share, and the unit it represents, directly from the owner of the share. You negotiate terms directly with the owner of the share. You make application with, and are approved by, the Association before you can close on the share/unit purchase.

4) Can I get a mortgage on a unit?

You can get a loan to purchase at certain local banks that make specific Cooperative loans. The requirement is 25 percent down payment and the interest rates are competitive with mortgage rates. AFTER your application has been approved by the Association a lender will take another application from you for the loan itself.

5) How do I purchase a share?

- A) An application must be filled out and turned into the Cooperative office along with a \$25.00 application fee for each resident that will occupy the unit and who is 18 years of age or older. A copy of your driver's license will also be made in order to also process the background check required for each resident 18 years or older.**
- B) You will be contacted when your application has been approved. At that time a meeting will be set up and an interview with you will take place. On the basis of your approved application and satisfactory interview you will be informed of your acceptance for membership.**
- C) Once fully approved you will be given a list of available units and the contact information for reaching the individual sellers. You may contact them to view their units.**
- D) After choosing the unit you prefer you will negotiate terms directly with the shareholder. After reaching agreement the shareholder will contact the manager for contract preparation.**
- E) A minimum \$1000.00 earnest money deposit is required at the time of contract signing. This earnest money will be held by the Association.**

6) Can I make any interior changes to my unit?

Yes, you are required to make application to change your property and explain the changes you would like to make. Once approved you may make those changes at your own expense. The board is responsible for keeping standards of quality and making sure the changes you plan do not devalue or negatively affect the unit.

7) Who determines the price of a share/unit?

The value of the unit is determined by the individual owner of the share at the time they place the unit for sale. Unit prices also vary depending on unit condition, upgrades, and market influences.

8) Can I purchase a share/unit for a relative?

No. The buyer of the share/unit MUST be the person living in that unit.

9) Can I rent out my unit?

No. Absolutely no rentals are allowed.

10) What unit repairs will be covered by the Association and what must a resident be responsible for?

Repairs on the interior and exterior are made by the Association which include, electrical, plumbing, plaster repair, roofing, basement seepage, tuck-pointing, furnace, air conditioning, water heaters, and the replacement of outlived items, as long as it is not through negligence or intentional misuse, such as faucets, drains, etc.

The only repair and replacement items the purchaser is responsible for are the ranges, refrigerators, washers, dryers, microwaves, televisions, ceiling fans, and those repairs to any improvements or additions made within the unit by a previous owner (considered non-standard items), i.e., Jacuzzi tub, pedestal sinks, any faucet that is not a delta, fireplace, gazebos, garages, basement remodeling, a second bathroom, etc.

11) What kind of insurance should I have on a unit?

A HO6 policy or better coverage is required of all shareholders.

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