

## **QUESTIONS YOU MAY HAVE ABOUT COOPERATIVES AND GLEN RIDGE**

### **WHAT IS A HOUSING COOPERATIVE?**

It is a corporation which owns land and buildings which are owned and controlled by the shareholders who are the residents.

### **HOW DOES THE COOPERATIVE FUNCTION?**

Glen Ridge operates according to by-laws as, among other things:

- a.) Elections, duties, powers and obligations of officers and directors
- b.) Annual meetings of shareholders
- c.) Fiscal management of the corporation including determination of annual operation expenses and the method of prorating and paying expenses

### **WHAT ARE THE ADVANTAGES OF BECOMING A SHAREHOLDER?**

- a.) Home ownership and the opportunity to build equity
- b.) Income tax deductions for your proportionate share of property taxes and mortgage interest where applicable
- c.) Participation in the discussions about day to day operations
- d.) A simplified method for the transfer of ownership interest
- e.) Freedom from outside maintenance

### **WHAT ARE THE ANNUAL EXPENSES OF THE CORPORATION AND HOW ARE THEY PAID?**

Annual expenses include, but are not limited to, payment of:

- a.) Real estate taxes
- b.) Mortgage interest and principal
- c.) Fire, casualty and liability insurance premiums (not including homeowners' coverage)
- d.) Legal and accounting expenses
- e.) Management fees and expenses

- f.) Maintenance and repair costs
- g.) Supplies and employee wages
- h.) Replacement reserves
- i.) Other expenses as the shareholders may vote to incur

Each year a detailed budget is presented to the shareholders itemizing the proposed operating expenses for the year. After approval and adoption by the shareholders, each shareholder is required to pay monthly in advance his proportionate share of the expenses. Increases must be authorized and paid in the same manner.

#### **WHAT ARE THE RIGHTS OF A SHAREHOLDER?**

Each shareholder has the right to vote on all matters that materially affect the corporation. At the annual meeting such as;

- a.) Election of officers and directors
- b.) Amendment, modification or repeal of Articles of Incorporation, By-laws, Rules and Regulations
- c.) Selection of management agent
- d.) Adoption or revision of annual budget
- e.) Approval of any capital expense above limit
- f.) Changes in Proprietary lease
- g.) Refinancing of mortgage covering corporation's real estate.

#### **WHAT HAPPENS IF A SHAREHOLDER DESIRES TO SELL HIS/HER INTEREST?**

The goal is to build a strong viable housing community. Each shareholder may sell his interest at any time. The cooperative has first option to buy your stock and may set rules in the by-laws. The proposed by-laws state that a sale of an interest the selling price shall not be in excess of the original purchase price plus an **annual** "appreciation value" not in excess of six percent of the original price. One third of such increase shall be payable to the corporation to be added to the reserves for future replacements and maintenance expenses.