

## All About Michigan Shores Cooperative

Thank you for considering Michigan Shores Cooperative for your new-residence! We are a different alternative to what most people are accustomed to in housing.

The following information will give you just a beginning on your continual education process on cooperative living.

The most important thing to know and to remember is that you are NOT buying real estate.

YOU WILL NEVER HOLD TITLE TO THE PROPERTY.  
YOU CANNOT USE IT FOR ANY FORM OF COLLATERAL.  
NO LIENS CAN BE PLACED AGAINST IT AS A RESULT OF ANY OF  
YOUR PERSONAL TRANSACTIONS.

Michigan Shores Cooperative owns the property, and you are a member of that corporation.

The ownership of that membership entitles you to residency in a specific unit in the cooperative. It is much like a membership in a spa or country club in that you own the right to use the facilities under certain terms and agreements. You do not own the unit itself or any of the real property it sits upon.

The sole purpose for the existence of the corporation is to provide cooperative housing at the lowest cost possible. The corporation operates on a "NOT FOR PROFIT" basis. We are not non-profit like charities, but there is no landlord making money on the corporation.

Therefore, your monthly assessment covers only the actual costs of operating. The corporation is operated through a Board of Directors elected directly from the membership of the co-op, which consists of seven (7) people who live here. This is very important, as the Board is the body, which makes the financial decisions for the property. Since they also own a membership and live on the property, they have the same investment and interest in keeping the monthly assessments low.

### Your monthly assessment covers:

- Your prorated share of the principal and interest on the mortgage.
- Taxes and Insurance.
- Reserve contributions.
- Most general maintenance costs.
- Administration.
- Utilities.

## **GENERAL TAXES AND INSURANCE**

- We pay into an escrow account for Real Estate Taxes, General Liability Insurance, and Mortgage Insurance Premium. Also included are Payroll Taxes and Employee Health Insurance.
- The General Liability Insurance covers the property itself, and the Corporation as a legal entity. It does NOT cover your own personal liability.
- In case of fire in a unit, the co-op insurance would cover:
  - White block or plaster walls; a base grade carpet and floor tiles; and original appliances.
- YOU would be responsible for:
  - Your own personal possessions; Any upgrades or additions you had made to the property such as an increased value on the carpeting or floor tiles; Installation of ceiling fans, room additions or patio covers, etc.; Medical coverage's for injuries to persons INSIDE your unit.

## **RESERVE CONTRIBUTIONS**

- We contribute part of the monthly income to reserve accounts specifically set aside for capital improvements. These reserve accounts can only be accessed by authorized personnel for legitimate expenditures. In the past five years, we have accomplished the following:
  - Resealing driveway & circle drive
  - Power washing & deck staining
  - Paving stones around the circle garden
  - New Water Heater
- We also contribute part of the monthly income to a reserve called the GENERAL OPERATING RESERVE. This cumulative reserve is intended to provide a measure of financial stability.
- We may use this account for a variety of purposes, In addition to the reasons for withdrawal itemized above, we have periodically used these, funds for capital improvements, which are not covered in our other, required reserve.
- Another reserve required is called the REPLACEMENT RESERVE. The reserve is for reimbursement for major repairs and improvements done on the building.
- All of these reserve accounts are itemized in the monthly financial statement provided to the Board, and a copy is placed in our library and available to any member who would like to look at them.

- **MAINTENANCE**

- The following is included in maintenance
  - Equipment Maintenance
  - Janitorial Service for common areas
  - Exterminating (inside & outside)
  - Grounds Care
  - Parking Area
  - Structural
  - Electrical
  - Painting (exterior)
  - Heating and Cooling
  - Plumbing
  - New Equipment
  - Maintenance Payroll
  - Snow removal
- COVERED MAINTENANCE:
  - Air conditioning/heating system, water heater, all electrical equipment (light switches, wall plugs, etc.), roof, plumbing (sinks, faucets, toilets) water softener, original window and door screens, locks on windows & doors.
- DOES NOT COVER:
  - Additions to the property (room enclosures, patio covers, ceiling fans, deadbolt locks, etc.), interior exterminating, any repairs or maintenance necessitated by members own negligence or misuse. REMEMBER, you are moving into a completely refurbished apartment.

## **ADMINISTRATION**

- At Michigan Shores Cooperative, we are what is called "self managed" meaning the Board has hired a Cooperative Services Director who works directly for the Board and is accountable to the Board.
- Expenses also included under administration, is:
  - Advertising
  - Legal
  - Accounting
  - Telephone
  - Annual Audit
  - Office Supplies
  - Subscriptions, Dues; etc.
  - Administrative Salary
- The purpose of the Cooperative Services Director and other personnel is to handle the upkeep of the physical property, as well as deal with the administrative duties of collecting assessments from the members, clarifying Board policies, as well as enforcing them when necessary, and assisting members as needed with maintenance service calls and other requests. In

addition to serving existing members, the office staff is responsible for answering questions for prospective and new members.

## **UTILITIES**

- The cooperative is responsible for all utilities except personal telephones and electricity for your apartment.

## **COMFORTS & CONVENIENCES**

- The Great Room for dining, entertaining and lounging
- Front entrance security and screening of all visitors
- Elevator and barrier free access
- Central Mailboxes
- Full Time Cooperative Services Director and full time maintenance staff
- Whirlpool
- Attached, enclosed parking
- 24-hour emergency call monitoring
- Local transportation

## **QUALIFYING FOR MEMBERSHIP**

To be considered for membership, you must be at least 55 years old. A completed Reservation Agreement with a refundable \$500 deposit ensures a place on our wait list.

## **RULES AND REGULATIONS**

- You must at all times adhere to the policies of Michigan Shores Cooperative. Non-compliance could result in revoking an individual's membership.

## **ADDITIONS & ALTERATIONS TO THE PROPERTY**

Members have leeway in the decorating of their apartments. You may paint, hang wallpaper, install paneling, mirrors, etc. However, if the alterations modify the structure in any way, you must have a written request to the board, and **MUST HAVE WRITTEN APPROVAL FROM THE BOARD PRIOR TO ANY WORK BEING DONE.**

- This would include, but not be limited to:
- Installation of ceiling fans or any other electrical fixture
- Modification of doors or doorways
- Enclosure of patios or installation of patio covers
- Removal or installation of anything that is part of the permanent structure
- Enclosing balconies (screen/glass)

We hope this information has addressed some of your concerns.