

# About Georgetown Place Coop

## What is a Co-op?

A cooperative is a group of people working together in a joint economic activity that is owned and operated by its members for their mutual benefit.

In a housing cooperative (or co-op), a housing development is jointly operated by its members. They own membership certificates in the corporation, giving them the right to occupy a dwelling unit and participate in the operations of the corporation. The cooperative housing corporation owns the total property. A not-for-profit corporation.

A cooperative is a business controlled by the people who use it. It is a democratic organization whose earnings and assets belong to its members. By patronizing and becoming an active member of a co-op, you invest yourself with the power to shape that business. You control the politics and economics of what is truly your organization.

## Economic Advantages

### Equity

Cooperative housing gives you the opportunity to share in owning your dwelling. You, as an individual, do not own the unit you are occupying; instead, you and the other members own the entire assets (property) of the cooperative. Joining the cooperative will allow you to build a limited equity, that is, to establish some value in the property.

### Affordable

Lower down payment, much lower closing costs, economies of scale, longer mortgage term all make co-ops more affordable than other ownership housing. Members have no reason to substantially increase monthly charges, unless taxes or operating costs go up, so monthly charges remain reasonable.

### Tax Deductions

For income tax purposes, the co-op member is usually considered a homeowner and, as such, can deduct his or her share of the real estate taxes and mortgage interest paid by the cooperative.

### Limited Liability

Members have no personal liability on the co-op mortgage. The cooperative association is responsible for paying off any mortgage loans. This can often make it possible for persons whose income might not qualify them for an individual mortgage to buy a membership in a limited equity co-op.

### Consumer Action

Through their cooperative association, members can jointly exert influence in order to change tax rates and utility prices and obtain improved services from local governments. The co-op, as consumer advocate, can also join with other organizations.

### Savings

Co-op members can benefit from economy of scale in co-op operating costs as well as from not-for-profit operation. Also, when there are "transfers," only the outgoing member's equity must be financed by the incoming member. Transfers of shares are subject to fewer settlement costs.

## Social Advantages

### Elimination of Outside Landlord

Co-ops offer control of one's living environment and a security of tenure not available in rental housing.

### Community Control

As mutual owners, member residents participate at various levels in the decision-making process. This is not true of tenants who usually do not have the opportunity to exercise responsibility. Members own the cooperative together and have the security of being able to remain in their homes for as long as they wish, as long as they meet their monthly obligations, and abide by the co-op bylaws, rules, and regulations.

### Cultural Diversity

Many co-op members indicate that the possibility for interaction with people from different backgrounds, cultures, and income levels is a positive factor in their decision to become a member.

### Building Communities

Co-ops are communities within larger communities. Members share common goals and a sense of identity and pride from working together. Co-ops make good neighbors, and can revitalize decaying neighborhoods. Many set up recreational, social, educational and mutual help programs. Co-ops accommodate all kinds of people. In some, units are reserved for householders with special needs. For seniors and many families, co-ops are often just the right combination of security and affordability.

## Physical Benefits

### Shared Maintenance Responsibilities

Co-op members usually have limited direct maintenance responsibilities. The cooperative association is responsible for major repairs, insurance, replacement of worn-out equipment, and upkeep of common grounds and facilities.

### Vandalism and Security

Co-op members vigorously protect their association's property. An important benefit of converting rental properties to co-op ownership is reduction in vandalism and abuse of property and improved and shared security arrangements. And recent studies show that the co-op's presence in the neighborhood brings neighborhood crime down.

### Freedom and Mobility

The co-op member owns a share in the housing development, not a particular dwelling unit. A co-op membership can usually be more readily resold than other real estate, for it costs considerably less and involves a simpler transaction.

### Good Quality, Modest Housing

Co-ops seek to provide the highest quality housing possible within cost guidelines, both in initial construction and through continuing maintenance. Most are newly constructed but many groups have restored and updated existing housing and other buildings.