

VILLAGE SQUARE MEMBERSHIP SELECTION POLICIES

Unit Size

The unit size available to an applicant is determined by the number of people included on the application. The rule is 2 heartbeats per bedroom. For example, a three-bedroom unit can accommodate no more than 6 people.

Number of People	Minimum	Maximum
One Bedroom:	1	2
Two Bedroom	1	4
Three Bedroom	2	6

Minimum Income Requirement

- 1 Bedroom: \$40,000
- 2 Bedroom \$50,000
- 3 Bedroom: \$60,000

Maximum Income Limit for all Unit Sizes

\$ 120,000.00

Application Cost: A Credit Report and Criminal History Report are provided by Vardi/Rentgrow, Inc. The cost of this is \$50.00 per adult. The application fee is \$100.00. These costs are non-refundable.

Landlord References: All adults listed on the application (whether to be on the Occupancy Agreement or not) must supply Village Square with all rental/housing history which will be verified.

Mortgage Obligation and Subleasing:

If an applicant is selling their condo or single-family home, the closing on this property must have taken place before the applicant can move into a Village Square Coop housing unit. Village Square housing units are not meant to be an investment. Subleasing is not allowed.

Verifications:

All forms of income must be verified through employers, banks, and other agencies. Applicants need only fill out the top of each form and sign the designated release on the back before obtaining income verification from the needed source. Birth certificates, social security cards must be provided on all members who wish to become a resident. Driver's licenses or picture identification must be provided on all family members who are over the age of 16. A school picture ID, state picture ID or a driver's license is needed. After all necessary information is obtained by office staff, board members review the application to determine if all needed information has been provided and the household meets unit and income requirements.

Interview and Orientation.

The process of meeting with current members is a means to explain policies and rules required of members living in the cooperative. It is important for applicants to understand and feel comfortable with long standing policies and possible changes in these policies. The rules and policies are meant to facilitate peaceful, safe and positive experiences for members. If the application, interview and orientation process are completed and

approved the next step is placement on a waiting list. Your position on the waiting list is determined by the date of a complete application, the type of unit you desire to live in as well as current members who wish to transfer. For example, one-bedroom units are rarely available as existing members have priority if they wish to transfer to a one-bedroom unit.

Denials

If an applicant is denied for failing the interview, they may not reapply for a (three) 3-year period. A complete application package is necessary before Village Square will begin to process it. The original application is not used as it is thought that changes will occur over a three-year period. An application is not "complete" if anything is missing.

Objective Statement

It is the goal of the application process to establish a set of objective guidelines that determines an applicant's ability to be a member of Village Square Cooperative. These guidelines will ensure the continuance of the cooperatives member/owner principles while protecting its assets.

Fair Housing Statement

Village Square Cooperative, its employees, and its agents will provide equal and fair treatment to all persons regardless of race, color, creed, religion, familial status, age, sex, handicap or national origin. The property, its employees and agents will not knowingly violate an applicable Federal, State or Local Fair Housing, Civil Rights, or any equal opportunity requirements. The property, its employees and agents will also abide by the Fair Housing Act and all other relevant Civil Rights Laws and statutes and Section 504 of the Rehabilitation Act of 1973 as amended (24 CFR, Part 8, 6/2/88),

Eligibility Requirements

Village Square Cooperative is an affordable housing complex with a total of 342 units. This housing complex is multi-family and not designated for a special population or family type. *It is important that all members are able to engage in normal day to day activities.*

All applicants must provide proof of Citizenship or Eligible Immigration Status. Acceptable Documentation is as follows:

- Birth Certificate from the United States of America
- Naturalization Certificate for the United States of America
- Acceptable Department of Homeland Security Documents

All persons listed on the application must provide a social security number. Acceptable verification of a social security number is an original social security card or, when a card is unavailable, provide a Statement of verification from the Social Security Administration. When the statement of verification is provided, the applicant is required to provide an original social security card prior to moving into the cooperative.

Debt to Income Ratio.

All applicants must provide all sources of verifiable income and expenses to the cooperative. The Debt-to-Income Ratio is calculated by dividing your monthly debt obligations by your monthly adjusted income. Monthly obligations cannot exceed 30% of the total monthly adjusted income. Your adjusted income would be the amount of money you have available after taxes—those items deducted from

your paycheck. An example would be \$3000.00 a month after payroll deductions. Then your personal obligations would be added up. For example, a car payment, car insurance, credit card obligations come to \$800.00 per month. The math results in $(\$800.00 / \$3000.00)$ 26.6%. This means that about 27% of your income is not available to pay for shelter and housing expenses. Since the value is below 30%, the applicant's debt to income ratio meets the criteria for approval. All applicants must provide all sources of verifiable income to the Cooperative and information about obligations so that this ratio can be computed. In addition, the minimum and maximum income levels have to be met.

Application Procedures

Application packets/forms may vary over time due to changes in law, the member handbook, the occupancy agreement and/or the Bylaws. In general, the following is required.

- Signed release of information
- A copy of the photo IDs for all adults (18 years and older) **Copies must be taken by the Cooperative staff.**
- Copies of Social Security Cards or other acceptable verification for all persons listed on the application- **The copies must be taken by the cooperative staff.**
- Copies of Birth Certificates for all persons listed on the application- **The copies must be taken by the Cooperative staff.**
- Payment of the \$100.00 Application processing fee for each adult applicant and \$50.00 for each adult to pay for background and credit checks must be paid in the form of **a money order or cashier's check.**
- **Applications will not be accepted without all of the above items.**

Application Screening Elements

If an approved applicant who has completed all components of the process does not move into a unit after 12 months from the date of the original application, elements of that application will have to be resubmitted to due to possible changes. Household members will have to attend the orientation meeting again. It is the new applicant's responsibility to attend both the interview and orientation meetings that are scheduled based upon the availability of cooperative members who do this on a voluntary basis.

Credit Background Check

Village Square Cooperative will not offer Membership to an applicant with bad credit. Bad credit is defined as:

- Accounts sent to collections-Unsatisfied
- Paid landlord Judgments for damages, Non-compliance, or Non-payment of rent
- Unpaid all other judgments
- Three or more credit accounts reflecting a current delinquency of more than 30-days

Criminal Background Check

An applicant will be denied Membership or become subject to eviction if the following criminal activity is verified:

- Conviction, incarceration or probation for physical violence against persons or property
- Conviction for the manufacture or distribution of controlled substances
- Conviction for rape, prostitution, or sexual deviation

- Conviction for the illegal use of controlled substance
- Any household member currently engaging in illegal drug use or if management determines that there is reasonable cause to believe that a household member's illegal use or a pattern of illegal use of a drug may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents. (Examples of evidence of illegal activities may include a conviction record, former landlord references, etc.)
- **The cooperative determines that there is reasonable cause to believe that a household members abuse or pattern of abuse of alcohol interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents**
- Felony conviction for any crime related to larceny, breaking and entering (B&E), robbery assault, arson etc.
- Subject to a registration requirement under the State Sex Offender Registration program
- Having been evicted from any Federal Assisted site for drug related or violent criminal activity by any household member

Landlord History

Landlord history & Residency will be verified for a period of 3 years prior to the date of application. If at any time during that period an applicant lived with a parent or relative, they must complete a Live with Relative Affidavit verifying the dates of residency. An applicant will be denied if any verification confirms that:

- They were ever evicted or turned over to an attorney for possession, even if the suit was later dropped; this includes non-compliance and non-payment action
- They have a record of disruptive behavior
- They damaged the property in any way
- They have a record of major lease violations
- They had unsanitary and/or hazardous housekeeping habits
- They received three (3) or more legal notices for non-payment of rent in a 12-month period
- They owe an outstanding balance to the landlord

Please note, if the applicant has a previous verifiable resident history with Village Square, Management reserves the right to verify this residency even if beyond the previous 3 years.

Interview Process

If the applicant meets requirements of credit, criminal, household size, income and landlord references and debt to income ratio, they are interviewed by a committee. They must meet the interview requirement of receiving an average of 86 out of a possible 125 points. If they fail, the applicant is rejected.

All household members 18 years of age or older must attend the interview. Also, if the applicant does not appear for the scheduled interview or notify the office by the next business day, the application will be rejected. **If an applicant is rejected as the result of the personal interview, they cannot reapply for A period of 3 years from the date of rejection.**

Orientation

After the applicant passes all eligibility criteria through the interview process, the application is approved. Prior to purchasing a Membership, the applicant and all household members over 8 years of age are required to attend a scheduled orientation. In order to keep current with Cooperative policies and procedures, the applicant required to attend an updated orientation if a membership is not purchased within one year of the date of orientation.

Notification of Rejection

All rejected applicants will be notified in writing within 3 business days of the date of rejection. The notification will state the reasons for rejection and advise them of their rights for reconsideration and appeal.

Reconsideration & Appeal

If an applicant is not satisfied with the decision to reject their application, the applicant shall have the right to request an informal hearing with the Board of Directors. The request for a hearing must be submitted in writing to the Village Square Cooperative office within 14 days of the mailing date of the rejection notice. The applicant will be notified in writing of the board's decision within 7 business days of the date of the hearing,

Notification of Approval

- When an applicant has met all eligibility requirements as described herein, a notification of approval will be provided, in writing, within 3 business days of the approval date.
- The approval letter will advise the applicant of the necessity of notifying the office of changes, which will affect the application.
- Advise the applicant that it is their responsibility to contact the office every six months to keep the application active.
- Explains that all items used to determine eligibility will be re-verified according to the time frames as provided in the selection plan, and that their approval status could change based on the results of the update.

Age

The minimum age of the head of household must meet the state legal adult age standard (Michigan-18 years).

Handicap Disability

Village Square Cooperative is not licensed or equipped to accommodate individuals who have severe physical or mental health issues. An applicant with a physical handicap, disability or severe psychological/neurological impairment will be required to submit documentation from the appropriate health professional stating the specific needs of the applicant. The board will review the information to determine if Village Square can provide the needed accommodations.

Civil Rights and Fair Housing

Federal and State laws prohibit discrimination in housing on the basis of Race, Color, National Origin, Marital Status, Religion, Sexual orientation, Age, Handicap/disability due to Age- other than in Federal/State elderly housing guidelines and Familial orientation—how a person relates to and organizes family based upon health and emotional needs.

Note: With respect to Familial orientation, the cooperative may not deny housing to an applicant because of his or her marital status, i.e. married or unmarried. It is impermissible to focus on the marital status of the applicant, but it is not impermissible to focus on the character, reputation and integrity of either the applicant or those persons whom he or she is seeking to live with. Federal law does not prohibit discrimination in provision of housing and housing services on the basis of height and weight. The cooperative cannot accommodate persons who are not ambulatory. The Village Square Cooperative Board of Directors may change its practice at any time by revising policies that comply with state and federal law.

What is the Legal Status of Members Living in a Housing Cooperative

Cooperative members do not own their housing unit. The member is a stock owner which gives them the opportunity to submit one vote out of 342 votes on issues that determine how the complex is managed as long as those policies do not violate law, create health, fire or safety violations as well as impose an unnecessary financial burden on the membership as a whole. In a housing cooperative, families work together to manage the needs of their neighborhood environment.

What are the Advantages?

Through cooperative housing, a family can achieve many of the advantages of both individual home ownership and renting, while avoiding the disadvantages of either. In a cooperative, for example, a family pays only what it actually costs to own and operate its dwelling. Neither the cooperative nor the individual homeowner pays a profit to a landlord. In a cooperative, a family can stay as long as those members remain in good standing by paying monthly carrying charges and abiding by established policies and law. The cooperative member has the same tax advantage as an individual homeowner. Through committee participation and member voting opportunities, reasonable rules are established with the goal of keeping the community a pleasant, safe and decent place to live.

A cooperative is a miniature democracy. Members have the final say about how it is run. They elect its directors who establish policies and may choose to self-manage or hire a management company to handle day-to-day operations. Members work together to build the kind of community they want to live in.

In an ordinary community, neighbors are bound by common ties-schools, government, civic clubs, and community affairs. In a housing cooperative, neighbors have these ties plus a common interest in their homes. Housing cooperatives have succeeded in bringing back the spirit of neighborliness and community that had all but disappeared from many low-and middle-income areas of our big cities.

Selling and Buying A Unit in a Cooperative

When cooperatives were first built, HUD imposed many rules. One of those rules affected new members who had to pay what could be called a down payment. The units were not sold on the open market for a profit based upon whatever the market would bear. The downpayment was meant as a type of security deposit. When you decided to move out, this downpayment could be used to cover any damage to the housing unit. Further, this downpayment was called an equity payment because interest was added to the original amount so that this interest was a type of equity. The money was put in an investment account. When the person moved out, their original downpayment earned about 3% per year. For example, if you originally paid \$1000.00 and moved out five years later, you got your \$1000.00 back plus

3% per year in interest.

When HUD was no longer overseeing the management of any cooperative, things changed. One of the changes was the fact that many people who lived in their unit for decades and decided to move, wanted some type of reimbursement for improvements. The so-called equity check was not used as a downpayment held by the cooperative in an investment account. When a member decided to move out, the buyer was asked to write out two checks. One check was issued for the improvements and given directly to the owner by the buyer. The new buyer wrote a second check to the cooperative for the current so called "equity". Village Square treated this second check as a security deposit that was sent to the original owner if there were no damages or unpaid carrying charges. No reserve account was maintained. Different cooperatives treated this downpayment money or equity check differently.

Things have changed again. In practice, units are selling on the open market for whatever the market will bear. It has little to do with improvements. In effect the so called "equity" check has been treated as a security deposit. Now it is also the source of funds by which the cooperative gets reimbursed for the costs associated with the transfer of the unit from one household to another. This deduction satisfies the government requirement to put aside a reserve account based upon the transfer of units. See next section on Tax Advantages.

Village Square's current bylaws allow the cooperative to subtract the cost of transferring a unit. This cost is now defined as a 1% fee based upon the total sale price of the unit. This fee is deducted from the so called "equity" check. The remaining amount is sent to the seller within 30 days from the date the new buyer has moved in. The transfer of property doesn't take place until the seller makes the necessary changes to the unit so that it is satisfactory to the new buyer. What is occurring today is similar to a traditional real estate transaction. Before the unit is sold the property is inspected. Issues must be remedied before the new buyer pays their money and moves in.

Tax Advantages

Housing cooperatives generally pay the same **real estate** taxes levied on other homes and apartments. The Cooperative Member has the same tax benefits as an individual homeowner. The member may deduct from their taxable income their share of the cooperative's interest payments and real estate taxes. At the end of the year, a document is available in the office which provides information on this tax deduction.

The cooperative is considered a non-profit institution and therefore we don't pay state or federal taxes. This benefit means we cannot operate like a for profit business.

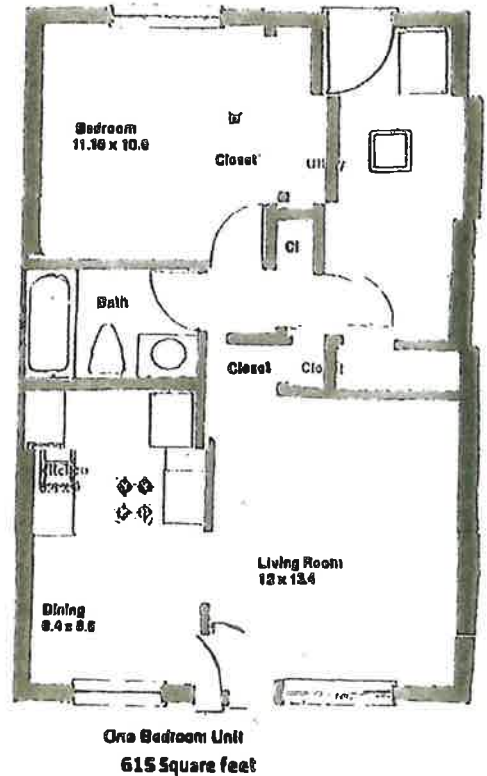
Getting Familiar with Village Square Cooperative Member Responsibilities

The cooperative has a website (villagesquarecommunity.com). On this website are the corporate documents. Please take a look at the Member Handbook. Reading this document will give you a better idea if our community rules are a good fit for you and your loved ones.

One Bedroom Townhome

Monthly Carrying Charges Include:

- Gas Forced Air Heating,
 - Water
 - Property Taxes
 - Rubbish Removal (2 times a week)
 - Lawn care/Snow removal
 - Fridge & Gas Stove Appliances
 - After Hours Emergency Maintenance Service
 - Private Entrance
 - Laundry Hook-ups
 - Pet Friendly
 - Front and Backyards
 - Seven Miracle Playgrounds
 - Reserved Parking Space
 - Community Involvement
 - Park like Settling
 - Dos Run
 - Close to Shopping
 - Fine Dining and Entertainment
 - Convenient Access to Hall Road, M-53 & I-75
 - Utica Community Schools
-
- Near Macomb Community College, Oakland University and Much



Not Included:

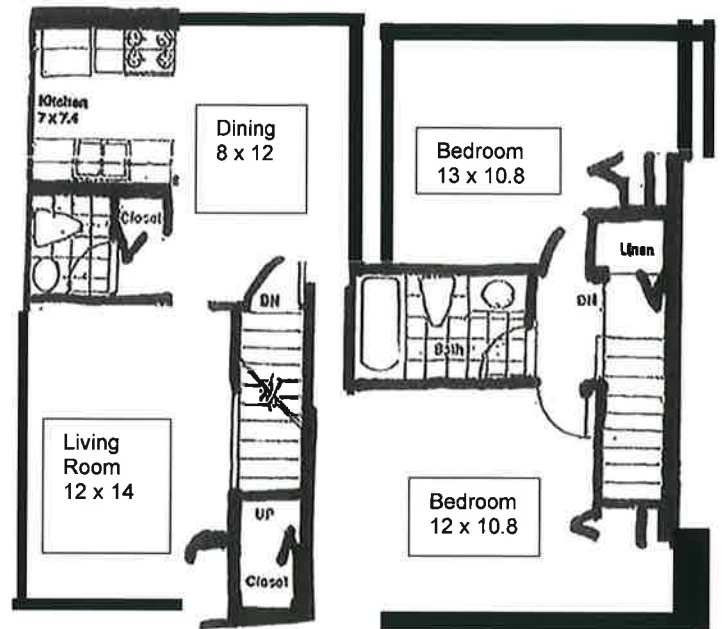
- DTE Electric (Required)
- Insurance on Contents, Improvements & \$25,000.00 liability Rider (Required)
- Phone, Cable & Internet (Optional)

Two Bedroom Town home

Monthly Carrying Charges Include:

Gas Heat

- Water
- Property Taxes
- Rubbish Removal (2 times a week)
- Lawn care/Snow removal
- Fridge & Gas Stove Appliances
- After Hours Emergency Maintenance Service
- Basements
- Private Entrance
- Laundry Hook-ups
- Pet Friendly
- Front and Backyards
- Seven Miracle Playgrounds
- Reserved Parking Space
- Community Involvement
- Park like Setting
- Dog Run
- Close to Shopping
- Fine Dining and Entertainment
- Convenient Access to Hall Road, M-53 & I-75
- Utica Community Schools
- Near Macomb Community College, Oakland University and Much More



864 Square feet

Not Included:

- DTE Electric (Required)
- Insurance on Contents, Improvements & \$25,000.00 liability Rider (Required)
- Phone, Cable & Internet (Optional)

VILLAGE SQUARE COOPERATIVE
45510 KENSINGTON ST. UTICA, MI. 48317
OFFICE PHONE (586) 739 - 7570

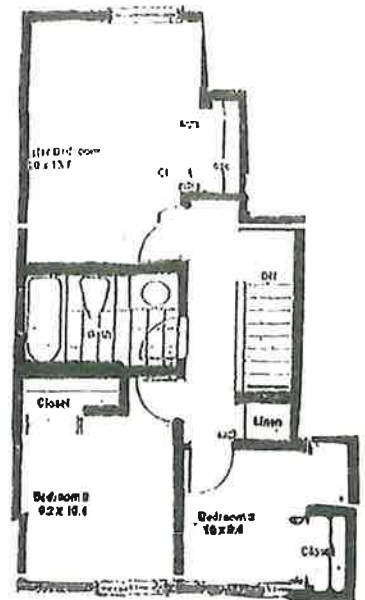
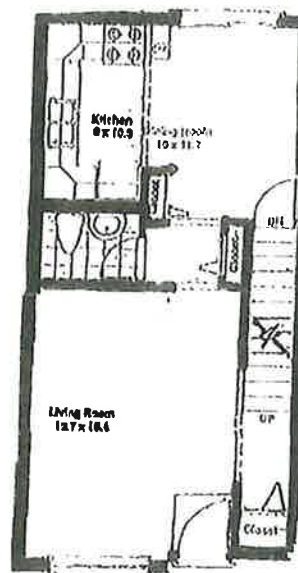
Three Bedroom Townhome

Monthly Carrying Charges
Include:

- Gas Heat
- Water
- Property Taxes
- Rubbish Removal (2 times a week)
- Lawn care/Snow removal
- Fridge & Gas Stove Appliances
- 24 Hour Emergency Maintenance Service
- Basements
- Private Entrance
- laundry Hook-ups
- Pet Friendly
- Front and Backyards
- Seven Miracle Playgrounds
- Reserved Parking Space
- Community Involvement
- Park like Setting
- Dog Run
- Close to Shopping- Lakeside Mall-The Mall at Partridge Creek
- Fine Dining and Entertainment
- Convenient Access to Hall Road, M-53 & I-75
- Utica Community Schools
- Near Macomb Community College, Oakland University and Much More

Not Included:

- DTE Electric (Required)
- Insurance on Contents, Improvements & \$25,000.00 liability Rider (Required)
- Phone, Cable & Internet (Optional)



960 Square feet