

Senior Housing Cooperative Financial Comparison Worksheet

Senior Housing Cooperatives recognize that each couple or individual that considers purchasing a share in a cooperative is unique. They are unique in that assets, sources of income and the amount of income vary widely. Because of that uniqueness senior housing cooperatives establish minimum annual income levels and do a review of assets to determine if the fees and future fees are affordable for the potential buyer.

Senior Housing Cooperatives have condominiums with different square foot floor plans. The smaller the square footage of a unit the smaller the monthly fee. Square footage of a condominium ranges from 1,100 to 1,400 or more depending on each cooperative's building design. The income and asset requirements vary accordingly. An effort is made to fit a variety of financial circumstances.

Every potential member has budget needs beyond the cost of housing. Along with necessities items like health insurance, healthcare, dental care, and prescription drugs become significant factors. Senior cooperatives recognize this and use it in establishing minimum income levels. The cooperative never wants to put anyone in financial jeopardy.

To assist potential buyers' cooperatives often provide a method to compare current housing expenses to the fees of living in a senior cooperative. When you buy a senior cooperative membership, you are buying much more than just a condominium. Things that you cannot always put a price on. Doing a financial comparison is beneficial even if a prospective member does not pursue purchase.

The first step in a comparison is asking "What are the direct expenses for a home or apartment?" Below is a table to identify and compare those expenses. Homeowners without a mortgage payment most likely have an asset value in their home much greater than the cost of a cooperative member share. The remainder of the proceeds from the sale of a home are then available to produce retirement income.

Direct Expenses	Monthly Payment	Cooperative Fee
Mortgage Payment	\$	*\$INCLUDED
Second Mortgage	\$	NA
Home Equity Loan	\$	NA
Property Taxes	\$	*\$INCLUDED
Homeowners Insurance Policy	\$	\$INCLUDED
Homeowners Association Fee	\$	NA
Apartment Rent	\$	NA
Renters Insurance / HO6 Policy	\$	Required Item - Estimate \$12/Mo
Total Direct Expenses	\$	\$12.00

*The Cooperative holds title to the property assuming mortgage and tax obligations, relieving members of direct liability. Approximately 50%-60% of the monthly fee can be tax deductible for monthly interest and property taxes.

Repair and replacement expenses for a home are often under-estimated or ignored and need to be accounted for in housing expenses. The age of your home and the maintenance of it becomes a factor when considering a cooperative. If a homeowner has not budgeted for repairs and replacement major expenses may lie ahead. The homeowner needs to review the condition of the exterior of the home and its mechanics. The interior of the home may no longer be appealing to a home buyer. Appliances, cabinets, and bathrooms become dated or need to be replaced. The table below can be used to calculate how much a homeowner should budget monthly for repairs and replacement.

Repair and Replacement Costs	Square Feet of Home	Multiply Factor	Annual Budget	Divide by 12 Months	Amt to Budget Monthly
Example	1400	X 1.3	\$1820.00	/ 12	= \$156.66
Homeowner					
Cooperative	NA	NA	NA	NA	\$INCLUDED

The Multiply Factor is based on upper U.S. Midwest climate and experience over time.

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The third group of expenses to be discussed are utilities and services. Expenses for utilities and services vary based on location, size of home and age of home. Senior Cooperatives may include some utilities and services in their fee structure. Generally utility expenses are much less for members of a senior housing cooperative over owners of single-family homes and town homes. Typically, electricity and telephone service are not covered by the cooperative. In the comparison electricity and telephone will be the only cost items for a cooperative member. The table below can be used to do a comparison.

Utilities/Services	Monthly Estimate	Cooperative
Electricity	\$	\$**
Natural Gas or Other	\$	\$INCLUDED
Water/Sewer	\$	\$INCLUDED
Rubbish/Recycling	\$	\$INCLUDED
Bldg. Pest Control	\$	\$INCLUDED
Telephone	\$	\$***
Cable/Satellite TV	\$	\$INCLUDED
High Speed Internet	\$	\$INCLUDED
Safety/Security System	\$	\$INCLUDED
Total for Services		\$55.00/Month

** The monthly amount for electricity will vary based on size of the unit, location of the unit and the lifestyle of the member. If using budget billing the average range is \$45 to \$60 per month.

*** Units are hardwired for use of Telco land lines.

Seasonal and Incidental Repair expenses are a budget area that needs to be factored into a comparison with a cooperative. Yards, gardens, driveways and sidewalks take maintenance every year. Small items like a non-functioning bathroom fan, leaky faucet, or clogged drain need fixed. The homeowner may be able to physically handle chores like mowing, shoveling, and repairing small items to save on the expenses. The homeowner still has expenses for the operation and repair of the equipment. What would be the costs to hire a contractor to do it? The table below can be completed to produce a comparison.

Seasonal/Incidental Repairs	Annual Costs	Divide Total by 12	Monthly Amt to Budget	Cooperative
Landscape Replacement/Repairs	\$	/ 12		\$INCLUDED
Mowing and Trimming	\$	/ 12		\$INCLUDED
Yard Cleanup of Leaves/Debris	\$	/ 12		\$INCLUDED
Fertilization and Chemical Treat	\$	/ 12		\$INCLUDED
Snow and Ice Removal	\$	/ 12		\$INCLUDED
Service Calls for Repairs	\$	/ 12		\$INCLUDED
Total Seasonal/Incidental Repairs	\$	/ 12	\$	\$0

Once the above expenses have been computed transfer the totals for each area of expense to the worksheet below to make a final comparison.

Summary of Monthly Expenses for Housing:

Sub-Totals	Home Expenses	Cooperative Costs/Fees
Direct Expenses	\$	\$12.00 HO6 Policy
Repair/Replacement	\$	\$INCLUDED
Utilities	\$	\$50 to \$60 / Month
Seasonal/Incidental Repairs	\$	\$INCLUDED
Monthly Cooperative Fee	NA	\$1526 to \$1965
Total	\$	\$

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Three possibilities exist after completing a financial comparison:

- Housing expenses are less for the home than the expenses for a cooperative share/home.
- Housing expenses are about the same.
- Housing expenses are more for a home than the fees for a cooperative home.

In the first case of where a cooperative home is more expensive than a home consider this earlier statement "When you buy a senior cooperative membership you are buying much more than just a condominium. Things that you cannot always put a price on.". Here are some things that the fee covers that it is difficult to put a price on.

- **Personal Safety and Security** - Access to the building is controlled and each night the entire building receives a security check.
- **Personal Welfare** - What is "it" worth to the immediate family to know you are safe among friends and neighbors when they are hundreds of miles away?
- **Health** - Members are known to help each other during times when a medical need arises. Programs and protocols for protecting members health are employed.
- **Management** - The Cooperative employs a manager to make sure the cooperative is maintained, and rules and regulations are followed.
- **While You are Away Service** - If members travel for extended periods, they can be secure knowing that plants will be watered and the home monitored.
- **Common Areas Available** -
 - Use of the fitness equipment in the dedicated Fitness Center.
 - Reserve the Great Room for a large family function or group.
 - Use the workshop for woodworking, crafts, and furniture repair.
 - Reserve a raised garden plot for growing vegetables and flowers.
 - Reserve the Guest Room for friends and relatives when they come for an extended visit.
 - Find a book to read from those donated to the library.
 - Use of the car wash bay to clean a vehicle inside and out.
 - Use of the Rubbish and Recycling room on each floor.
- **Social and Educational Events** -
 - A monthly potluck followed up with mental challenge.
 - A monthly celebration of Anniversaries and Birthday at a breakfast out.
 - Group restaurant outings to favorite area restaurants.
 - Seasonal event celebrations.
 - Almost nightly activities involving playing cards, dominoes, and board games.
 - Group watch of important games with pizza.
 - Programs on topics important to seniors.
 - Classes on use of technology.
 - Use personal talents to educate and help others learn.
 - Bible Study Group
- **Stay protected from the elements** -
 - Get mail and packages without going outside on those cold and hot days.
 - Keep the car out of the elements in the heated garage.
 - Store personal possessions in a storage cabinet within your designated parking space.
 - Store the bicycle in the dedicated storage area.

How one uses their time is up to them. One must ask themselves is this how I want to spend the remainder of my time? Consider this quote from Harvey Mackay, *"Time is free, but it's priceless. You cannot own it, but you can use it. You cannot keep it, but you can spend it. Once you've lost it you can never get it back."* A cooperative home provides the opportunity to spend time differently from the present and away from tasks that become work rather than joy.