

Eastern Gardens

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August 25, 2011

To: All Members/Residents of Eastern Gardens Cooperative, Inc.

Subject: Membership Fee (Share Purchase/Sale)

Dear Members/Shareholders:

One of the financial successes of Eastern Gardens Cooperative is the purchasing of its share, sometimes referred to as stock or limited equity membership fee. Eastern Gardens Cooperative (EG) is established as a not-for-profit corporation whose specific purpose is to provide affordable housing for its members who are share holders in the co-op corporation. Buying a share entitles the purchaser to hold a proprietary lease, commonly known as the Occupancy Agreement. The Occupancy Agreement gives the purchaser the exclusive right to occupy a dwelling in the development and to participate as a member in the operation of the co-op by electing board members from its membership to represent them and oversee the business affairs of the corporation.

As one of its many duties and responsibilities, the Board of Directors reviews both its short and long term financial expenditures and revenue; this will also include the purchasing of its share (a.k.a. membership fee, EG Bylaws) and other business practices. The Board reviewed and discussed its options during its annual budget meeting held on August 24, 2011 at the clubhouse. The Board voted and approved to extend the freeze of its membership fee (share buy-in) for one year at which time it will then be re-evaluated at the next budget meeting. Current membership fee, that is, the purchase or sale price for a one bedroom is \$10,012.34 and \$13,566.40 for a two bedroom, this will remain the same until re-evaluated in one year.

The Board's decision was based on various concerns; i) the current economy, ii) a decline in EG's outside waiting list, iii) in comparison with other co-op housing within the area, EG is in the top two highest, iv) limited equity schedule formula requires re-work, v) out of sync with current market prices; assets and liabilities.

If we are to maintain a balanced budget and financial stability for Eastern Gardens Cooperative and its membership, it then becomes necessary at times to have Carrying Charge (rent) increases. Last December 2010, the membership received notice that it could expect an increase to the monthly carrying charges for the year 2012. The Board in collaboration with its management team in reviewing its current budget expenses and other outside economic indicators anticipates increases to its operational expenses for the year 2012. The membership can expect a carrying charge increase in the approximate amount of \$10-15 dollars. A 60-day notice with a more detailed amount will be provided to you sometime in October 2011. The 2012 budget will be made available at the business office in January 2012.

Sincerely,
Eastern Gardens Board of Directors

James Patrick *Kathy Slotterback* *Donna Schmetz*
Ed Healy *Chris Manning* *Diane McKee*
Ardie Andrews