

DEPARTMENT OF REAL ESTATE  
OF THE  
STATE OF CALIFORNIA  
Robert W. Karpe, Real Estate Commissioner

In the matter of the application of  
RETIREMENT HOUSING FOUNDATION,  
A California Corporation  
for a final subdivision public report on  
EASTERN GARDENS COOPERATIVE, INC.  
SACRAMENTO COUNTY, CALIFORNIA

FINAL SUBDIVISION  
PUBLIC REPORT

FILE NO. 10,367 SAC

ISSUED JUNE 12, 1972  
EXPIRES JUNE 11, 1977

**This Report Is Not a Recommendation or Endorsement of the Subdivision  
But Is Informative Only.**

**Buyer or Lessee Must Sign That He Has Received and Read This Report.  
This Report Expires on Date Shown Above or Upon a Material Change.**

SPECIAL NOTES:

PRIOR TO EXECUTION OF THE SUBSCRIPTION AND SALES AGREEMENT, THE APPLICANT WILL PROVIDE THE PROSPECTIVE PURCHASER WITH A COPY OF THE ARTICLES OF INCORPORATION, BY-LAWS, OCCUPANCY AGREEMENT, INFORMATION BULLETINS, REGULATORY AGREEMENTS AND A COPY OF THIS SUBDIVISION PUBLIC REPORT.

THE SUBSCRIPTION AGREEMENT SETS FORTH THE TERMS AND CONDITIONS UNDER WHICH YOU APPLY FOR MEMBERSHIP IN THE COOPERATIVE; THE OCCUPANCY AGREEMENT, THE TERMS AND CONDITIONS UNDER WHICH A MEMBER WILL OCCUPY ONE OF THE DWELLING UNITS IN THE PROJECT; AND THE ARTICLES OF INCORPORATION AND BY-LAWS, THE AUTHORITY AND METHODS OF OPERATION OF THE COOPERATIVE CORPORATION.

NATURE OF THE PROJECT:

This project is a Stock Cooperative of the type referred to by FHA as a non-profit sponsored project. This cooperative project was organized for the purpose of providing housing for low or moderate income families, as defined by the FHA Commissioner.

*EXPLAIN* IN A STOCK COOPERATIVE, an individual purchaser is a stockholder in a corporation. This corporation holds title to the buildings in which the residential units are contained. Through his stock, the individual is a part owner of the assets of the corporation, and subject to the corporation's liabilities. To the extent of their initial investment (Membership Fee) to working capital only.

The individual purchaser does not receive title to an individual residential unit. He receives, as appurtenant to this stock, an exclusive right to occupy a particular unit, in accordance with the terms of an occupancy agreement.

NATURE OF THE PROJECT - Continued:

A NON-PROFIT SPONSORED PROJECT is initiated by a corporation which certifies to the FHA Commissioner an intention to sell the entire project within two years after completion to a management-type stock cooperative composed of occupying stockholders. The Eastern Gardens Cooperative, Inc. has been organized for the purpose of acquiring, constructing, owning and operating, on a non-profit basis, the cooperative housing project.

The land size is approximately 5 acres and is located on Eastern Avenue near Robertson, approximately 10 miles northeast of the City of Sacramento. Proposed improvements will include 11 buildings containing 112 units.

FINANCING OF THE PROJECT:

The existing project is encumbered by a loan from Advance Mortgage Corporation in the amount of \$1,600,600 which the corporation intends to assume as part of the purchase price. This loan runs for a term of 40 years and bears interest at the rate of 7% per year, and is payable in installments of \$9,946.63 including interest payable at 7%.

A total of 112 shares are to be offered for sale. The amount to be obtained from the sale of 100% of these shares will be \$16,016. This sum constitutes the equity investment covering the cost over and above the mortgage proceeds.

TERMS AND CONDITIONS OF SALE:

Subscribers are required to purchase one membership share.

SCHEDULE OF DOWN PAYMENTS AND MONTHLY CARRYING CHARGES FOR EACH TYPE DWELLING UNIT.

<u>Dwelling Unit Designation</u>	<u>Required Cash Down Payment</u>	<u>Estimated Monthly Charge to be Paid to Cooperative</u>	<u>Estimated Monthly Personal Benefit Expense</u>	<u>Estimated Total Monthly Housing Expense</u>
1 BR	\$143.00	\$141.68	\$12.00	\$153.68
2 BR	143.00	166.69	15.00	181.69

If a subscriber desires to pay a larger down payment than listed in the above columns, and have his monthly carrying charges proportionately reduced, he may do so. Estimated monthly personal benefit expense does not represent any money to be paid to the cooperative. It represents an estimate of the monthly amount a member will need to pay to maintain his own unit in proper state of repair and includes estimates for monthly payment of the following utilities: Monthly gas and electric service.

The amount required to maintain his unit depends to a degree upon the care and attention given by the member to his unit.

The cost of a membership share is ~~\$286.00~~ \$143.00

THESE ARE ONLY ESTIMATES FOR THE FIRST YEAR OF OPERATION. SUBSCRIBERS SHOULD ANTICIPATE POSSIBLE PERIODIC INCREASES IN THE ABOVE DESCRIBED MONTHLY EXPENSES IF NECESSARY TO MEET RISING COSTS OF OPERATION.

Your membership is not assured unless and until the application and subscription have been accepted by the corporation, approved as to credit by the FHA and upon issuance of the certificate of membership.

SUBSCRIPTION AGREEMENT:

THE SUBSCRIPTION AGREEMENT provides for cancellation by the subscriber and by the corporation.

The subscriber may withdraw by notifying corporation in writing within 5 days of execution of the subscription agreement and obtain refund of his deposit.

Subscriber may again have a right to withdraw on the following conditions:

If membership is not achieved to the extent required by FHA, subscribers shall again have the right to withdraw and obtain such refund.

OCCUPANCY AGREEMENT:

THE OCCUPANCY AGREEMENT, among other things, provides that corporation shall deliver to member exclusive occupancy of the unit subscribed for a term of 3 years and the conditions for the renewal or extension of such term.

Members unit may not be sublet without the consent of the corporation.

Specified the repairs, maintenance and services to be performed by the cooperative as well as those which are the responsibility of the individual member.

Defines the effect of fire or other casualty loss on the interest of the member.

Sets forth the conditions and effect of default by member.

Should you occupy a unit under an interim occupancy agreement prior to issuance of your stock, any improvements installed or constructed by you may not be recovered in the event that the cooperative plan is not consummated.

BYLAWS:

THE BYLAWS contain restrictions on the transfer of membership shares giving the corporation first option to purchase at a sale or transfer value for a period of 30 days. Transfer value to the corporation may not reflect the market value of member's share. Should the corporation not exercise its option, member may sell his share to a purchaser approved by the corporation. Approval by the corporation shall not be withheld for discriminatory reasons in violation of existing laws.

PREPAID RENT:

IF A PROPOSED SHAREHOLDER SHOULD DESIRE TO PREPAY HIS PORTION OF THE MORTGAGE OBLIGATION, HE SHOULD KEEP IN MIND THAT SHOULD, SOMETIME IN THE FUTURE, A FORECLOSURE OCCUR WITH NO EQUITY REMAINING FOR THE SHAREHOLDERS, IT IS ALTOGETHER POSSIBLE THAT THOSE WHO HAVE PREPAID MAY HAVE LOST THEIR ENTIRE INTERESTS ALONG WITH OTHER SHAREHOLDERS WHO HAD MADE NO ADVANCE PAYMENTS. THE EFFECTS OF SUCH PREPAYMENTS WHEN THE SHAREHOLDER WISHES TO SELL HIS MEMBERSHIP INTERESTS SHOULD ALSO BE CONSIDERED.

As above noted, this is a cooperative venture. Nonpayment of obligations by some members could result in the failure of the cooperative and the loss of members investment. However, provisions have been made for the establishment of a reserve fund to meet such obligations and other contingencies. This may or may not be adequate.

ESCROW REQUIREMENTS:

All funds received from subscribers for membership in the cooperative corporation are required to be deposited in an escrow depository approved by the Real Estate Commissioner in accordance with Section 11013.2(d) of the Business and Professions Code until such time as a membership certificate is delivered. No such membership certificates shall be issued until valid subscriptions have been obtained for all 112 units in this project.

The designated depository is: Bank of America, Main Branch, 8th and "I" Streets, Sacramento, CA.

MANAGEMENT AND OPERATION:

THE PLAN OF MANAGEMENT AND OPERATION OF THE PROJECT, among others, includes the following provisions:

Purchasers must become members of Eastern Gardens Cooperative, Inc. The project shall be managed by an agency selected by the appointed Board of Directors for the first 3 years of operation. Members shall be notified of the place, date and hour of any meeting of members and, in the case of a special meeting, the notice shall set forth the general nature of the business to be transacted. Such notices shall be sent to members at least 10 days and not more than 60 days before the meeting.

At any meeting, the member's voting rights shall be allocated on the basis of one vote per member. The presence, in person or by proxy, of owners holding a majority shall constitute a quorum for the transaction of business.

The Board of Directors, among other things, shall have power to:

1. Accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing project; either directly or through an authorized representative;
2. Subject to approval of the Administration, to establish monthly carrying charges as provided for in the Occupancy Agreement, based upon an operating budget formally adopted by such Board;
3. Subject to the approval of the Administration, to engage an agent or employees for the management of the project under such terms as the Board may determine;
4. Authorize at their discretion patronage refunds from residual receipts when and as reflected in the annual report;
5. Terminate membership and occupancy rights for cause;
6. Promulgate such rules and regulations pertaining to use and occupancy of the premises as may be deemed proper and which are consistent with the By-Laws and the Articles of Incorporation;
7. Pursuant to a plan approved by the Administration, prescribe additional monthly carrying charges to be paid by families whose incomes exceed the limitations for continuing occupancy established from time to time by the Administration; or at the occupancy of such families.

ZONING:

As of the date of the issuance of this report, the property subject of this report is zoned ~~R-2A, Multiple-family Residential.~~

WATER:

Water will be supplied by the Arcade Water District.

FIRE PROTECTION:

Arcade Fire District; fire hydrants installed.

ELECTRICITY:

Electricity will be supplied by Sacramento Municipal Utility District.

GAS:

Gas will be supplied by the Pacific Gas and Electric Company.

TELEPHONE:

Telephone service will be supplied by the Pacific Telephone and Telegraph Company.

STREETS AND ROADS:

The street bordering this project is a county maintained public road.

PUBLIC TRANSPORTATION:

Not available.

SCHOOLS:

The elementary, junior high school and the high school are in the San Juan Unified School District. School bus service is available.

NOTE: Purchasers should contact the local school board if they desire information regarding school facilities and bus service.

SHOPPING FACILITIES:

Complete shopping facilities are approximately 1-1/2 miles from the subdivision.

MFD:mag  
File No. 10,367 Sac

**Schedule "A"**

**Legal Description**

**Eastern Gardens**

Lot A, of Plat of Phantom View Ranch; according to the official plat thereof, filed in the office of the Recorder of Sacramento County, California, on May 20, 1971 in Book 87 of Maps, Map No. 15, particularly described as follows:

BEGINNING at the Northwest corner of said Lot A; thence along the North line thereof North 89 degrees 01 inch East 333.36 feet; thence on a curve to the right having a radius of 25.0 feet, the chord of which bears South 46 degrees 24 feet East 35.10 feet to the West line of Eastern Avenue, thence along said West line South 1 degree 49 feet East 605.36 feet to the Southeast corner of said Lot A; thence along the South line thence along the West line of said Lot A, North 1 degree 49 feet West 630.0 feet to the point of beginning.