

# Procedure to Purchase a Share in the Peekskill Art Loft Live/Work Coops

## Phase I

Individual/Couple seeks housing in Peekskill  
(One or both are an Artist)

## Phase II

Before going to view a coop, they learn that there are four (4) steps that must be taken prior to purchasing a coop.

### **STEPS**

- 1) Obtain an Artist Certification from the City of Peekskill  
The applicant should receive a response to their application within 2-4 weeks.
- 2) Submit an application to the Peekskill Art Lofts Housing Development Fund Corporation with a fee of \$250. The fee includes credit check processing. A copy of the application can be found at [www.PeekskillArtLofts.com](http://www.PeekskillArtLofts.com)

The Peekskill Art Lofts will coordinate the application with the Housing Action Council (HAC) who verifies the applicant income for the City of Peekskill/County of Westchester.

The Peekskill Art Lofts will be covering the \$500 fee charged by HAC per share sale.

a) In order to be eligible to purchase a coop, the individual/couple must meet income eligibility which is 95% of Westchester County's Average Median Income (AMI). In 2009, those figures are:

- For a Single Person - \$70,000 (Gross Income)
- For Two Persons - \$80,050 (Gross Income)
- For Three Persons - \$90,000 (Gross Income)

- 3) Upon certification of the application's income by the HAC, an applicant interviews with the Peekskill Art Lofts Board of Directors can be arranged.
- 4) If approved by the Board of Directors for occupancy, the applicant and seller will arrange for the share sales closing, transfer of shares and execution of a proprietary lease for the unit with the Corporation's lawyer and Managing Agent.

## Procedure to Purchase a Share in the Peekskill Art Loft Live/Work Coops

Please note, purchase of the corporate shares is for an ownership interest in the overall coop corporation, the buyers do not own their units, hence the need for proprietary long-term lease.

If the individual/couple believe that they can accomplish both steps 1 through 4 – the couple then moves onto the next phase.

### *Important Notes: See next page*

- 1) An applicant must pay the agreed upon sale price in full at the time of closing. No mortgage may be obtained to purchase the shares/unit.*
- 2) No share mortgages are permitted using the co-op shares as collateral. The buyer does not have to pay a mortgage per se, just qualify to pay the one included within the monthly maintenance.*
- 3) Once an applicant assumes ownership of the shares and moves into the unit you should expect a monthly maintenance fee of anywhere from \$1,050 to \$1,500 per month. The monthly maintenance has an approximate 70% underlying mortgage / 30% operational cost split. The co-op buyer receives an underlying mortgage interest deduction that can be applied against their personal income tax multiplied by the number of shares they purchased. Maintenance costs are generally tax deductible up to 51% of the lofts square footage when used as studio space.*
- 4) While an applicant's gross income may fall under the maximum requirements of the County, the Peekskill Art Lofts has a minimum income requirement in order to be able to pay the monthly maintenance and utility expenses common to ownership. For a 1-bedroom unit, the applicant should have an income that can support the monthly maintenance and their gas, electric, cable TV, phone, and co-op insurance expenses.*

*Use approximately 30% of the applicant's income divided by 12 months to figure if the applicant can support a typical 1-bedroom maintenance of \$1,100 and 2-bedroom maintenance of \$1,400 per month. Maintenance includes the applicant's pro-rata share co-op's underlying mortgage, real estate taxes, insurance costs, utility expenses, and operating costs. The minimum income for a 1-bedroom unit is approximately \$44,000 per year, a 2-bedroom is approximately \$56,000 per year.*
- 5) The PAL requires that shareholders maintain co-op insurance on their individual units, similar to renter's insurance, especially if the shareholder is conducting business out of their unit.*