



Bay State Commons, LLC—Cohousing FAQ for Lenders

What is Cohousing?

Cohousing is an intentional community of private homes clustered around shared space. Each attached or single family home has traditional amenities, including a private kitchen. Shared spaces typically feature a common house, which may include a large kitchen and dining area, laundry, and recreational spaces. Shared outdoor space may include parking, walkways, open space, and gardens. Neighbors also share resources like tools and lawnmowers.

Households have independent incomes and private lives, but neighbors collaboratively plan and manage community activities and shared spaces. The legal structure is typically an HOA, Condo Association, or Housing Cooperative. Community activities feature regularly scheduled shared meals, meetings, and workdays. Neighbors gather for parties, games, movies, or other events. Cohousing makes it easy to form clubs, organize child and elder care, and carpool. (Source: https://cohousing.org/what_is_cohousing)

How Fannie Mae Defined Cohousing in 2016

Cohousing communities are typically characterized by private unit ownership within a community that has explicit arrangements for shared community life and the responsibility for and ownership of common elements and amenities. While these types of communities are often marketed to consumers as cohousing communities, they are typically legally organized as a condominium, co-operative, or PUD project. Other legal structures may also exist for cohousing communities, which may not meet Fannie Mae eligibility requirements such as common interest apartments. Mortgages secured by units in cohousing communities may be eligible for delivery to Fannie Mae provided the cohousing project and the subject property unit meet all Selling Guide provisions including any applicable policies related to project standards, deed restrictions, and insurance. (Source: <https://www.fanniemae.com/content/faq/project-review-faqs.pdf>)

About Bay State Commons, LLC

To learn more about joining Bay State Commons, LLC, visit our website at <https://www.baystatecommons.org/>

Structure and purpose of prior to occupancy:

Bay State Commons, LLC (BSC) is a development company, formed to create just one project. We are constructing a 30-unit condominium outside Malden Square with units ranging in size from studios to three-bedroom units. Construction is underway and the building is expected to be ready for occupancy sometime between November 2021 and April 2022.

Typical of cohousing projects in the foundation phase, the only way to buy a unit is to:

- ❖ become an Equity member of BSC,
- ❖ make a significant financial investment in BSC (to be credited as a down payment at time of purchase) and
- ❖ demonstrate the ability to fund the rest of the purchase price.

Additionally, no one can become an equity member who is not also planning on buying a unit and living in the community once built.

As of February 2021, 29 units have been pre-purchased by current Equity members, with only two units remaining. Please see our [website](#) for a current list of available units.

Structure and management of after occupancy:

When Equity members take title to their units (paying any remaining funds due on the purchase), a Home Owners Association (HOA) will be created and funded with any remaining assets of the development company, which will then be dissolved. The HOA will be structured as a condominium and the by-laws and declarations will be written consistent with Massachusetts law as it applies to condominiums. Each homeowner will own their individual unit, a portion of the common house (sometimes referred to as clubhouse in typical condo parlance), and a portion of the exterior of all of the structures. This is typical of any condominium development. Think of us as a condominium with enhanced amenities, but from a legal and ownership perspective, we will be a typical condominium. <https://cohousing.org/node/4338>

As is typical of HOA's, we will meet regularly as both a board and Home Owners Association. Minutes will be taken and mechanisms for decision-making are compliant with Massachusetts condominium law.

We plan not to use an off-site property management company. The maintenance of the buildings and grounds will be managed internally via a committee (the Buildings & Grounds Committee) who may elect to engage contractors for specific functions. We will follow best practices including vetting contractors and requiring them to be licensed and bonded.

In the case of foreclosures, which are statistically fewer in cohousing than in regular condominiums, the process proceeds in a manner typical of other foreclosures. If the HOA has a lien against the property for unpaid dues or assessments, then this also proceeds in a manner typical of other foreclosures.

Cohousing is a form of intentional community where certain types of participation and activities are part of living in the community. Such activities can include meals, holiday celebrations,

committee meetings, and work parties where basic maintenance tasks are addressed (e.g. yard work). All activities are on a 100% voluntary basis and there is no penalty for not participating. Many residents have times in their life when they are unwilling or unable to participate, and that is understood and accepted by the community.