

AVALON VILLAGE – HISTORY AND STRUCTURE

Avalon Village Limited Liability Co

- A development company with development rights to 58 acres and obligations to landlord
- Funded with funds from its two active members and investment from outside investors
- Get Market study & Business Plan
- After funds were secured, it was necessary to get the requisite permits from the Town of Hampden and Maine DEP

Avalon Flagpole



AVALON VILLAGE LLC (CON.)

- Site Plan drafted by engineering consultants to include all infrastructure and buildings
- Landscape architect hired – influenced layout with concepts from the book “Rural by Design”.
- Builder hired to construct model cottage
- First P & S signed – November 11, 1999

HISTORY

1996 – Avalon Village Limited Liability Company formed
 1996 – Avalon Management Limited Liability Company formed
 1996 – Avalon Village Owners Association formed.
 Articles of Incorporation
 Bylaws
 Management Contract
 Residency Agreement

Avalon Owners Association

- First resident shareholder – William & Maggie Wolever – early 2000 followed quickly by Ellen & Bob Young.
- First Association President – Andrew Stewart
- Association remained under control of developers (Avalon Village LLC until 15 shareholders bought shares at which time control was assumed by resident/manager board

Avalon Owners Association - structure

- Governing documents
 - Articles of Incorporation
 - Bylaws
 - Management Agreement
 - Residency Agreements

AVOA, AVALON MANAGEMENT & the BYLAWS

- Section 2.4 – The *Manager* means Avalon Management Company, LLC, or any successor hired by the Association to manage the Cooperative
- Section 4.7 - A super majority of 80% of shareholders is required to amend or terminate any contract with the manager
- Section 5 – Association has a Board of Directors of 5 – 3 elected shareholders and 2 appointed by the manager

Articles of Incorporation

- Establish the entity within Maine law – In a sense, the articles are the corporation's birth certificate establishing it as a legal corporation under Maine law, stating its location and place of business and naming the party to officially accept service of process on behalf of the corporation

AVOA, BYLAWS & MANAGEMENT (cont)

- Sections 3 & 11 – Management Company consent required to sublet the units
- Section 12.4 – Management Company shall receive eight percent of gross sales price of share upon sale of a share

AVOA Bylaws

- Bylaws are like the constitution, they set forth:
 - the definitions of community elements
 - procedure for shareholder meetings
 - procedure for election and appointment of Board of Directors members
 - Board meeting procedures
 - Powers & duties of the Board

Bylaws - Board

- Adopt & Publish rules and regulations & establish penalties for violations thereof
- Ensure that Cooperative is properly maintained
- Ensure that all officers, agents and employees of the Association are performing their duties
- Obtain and Maintain insurance policies
- Keep a record of Board *actions*.

Bylaws – Board (cont.)

- Minutes – reflect **actions** taken by Board not general discussion
- Establish and appoint committees
- Transfers of stock – Board determines share price for each share of stock – transfer fee (as discussed)
- Pledge of share – Every shareholder signs a pledge of his/her share of stock to secure the performance of shareholders obligations under the residency agreement.

Management Agreement (cont.)

- Bookkeeping and Accounting – Manager shall provide
- Budgets – **Manager shall prepare and submit to the Association for its review and approval. Upon final approval of the Budgets by the Association and the Manager the Manager shall be entitled to make or commit the Association to make expenditures.....**

Management Agreement

- Contract between Avalon Owners Association and Avalon Management
- Requires manager to select a Cooperative Director responsible for day to day operations
- Operational Policies – Manager shall recommend policies to the Association for approval. **Final policies are subject to Manager's approval.**

Management Agreement (Cont)

- Marketing – **The Management Company shall supervise all activities related to the marketing of the Association's stock –**
- **Management Fee = 8% of Gross Revenues.**

Management Agreement (Cont.)

- Control of all occupancy decisions – **The Manager shall approve all residents for initial or continued occupancy at the Cooperative – The Manager shall determine, in its sole judgment, when residential units may remain vacant and under what circumstances the shareholders... may sublet their interests ..**

Residency Agreement

- What is it? Essentially a lease giving exclusive occupancy rights to the resident upon the purchase of a share of stock.
- Restates much of what we have already covered

Residency Agreement – Some highlights

- Alterations to the home of any kind require **prior written approval of the manager**
- Resident is responsible for keeping the home in good repair
- Sets out reasons for termination of occupancy rights (death, permanent departure, failure to pay monthly fees...)
- Reiterates that Manager is exclusive sales agent, the Board sets resale price, etc

Residency agreement (Cont.)

- Finally, the residency agreement notes that there is a ground lease – 99 year – which allows developer to make all future development decisions. Lease – Stephen & Deborah Johnson → to Avalon Village LLC (the Developer) → to Avalon Village Owners Association

Residency Agreement (Cont.)

- States that Cooperative is not responsible for insurance coverage on resident's personal property or personal liability and states that Resident agrees to carry personal property and liability insurance for occurrences within the home
- States that Resident **authorizes agents of the Cooperative to enter the Residents home at reasonable times and upon reasonable notice to provide services, repairs, maintenance, alterations, showings to prospective purchasers or in the event of perceived medical or other emergency.**

Shareholder Agreement

- **ANDY READ AGREEMENT**

Residency Agreement (Cont)

- Restates that the Cooperative Board will establish rules and regulations and states that **all rules and regulations must be approved by the manager.**
- States that residents may have pets subject to Avalon Village rules and regulations.
- States that the Cooperative may cure any failure by the resident to perform any covenants, agreements or obligations and the cost of doing so may be charged against the resident

Roles of Board & Management

- Day to Day operation – Management
- Policy issues – Board
- If it is a work order item it should not go to Board
- If it is a “big picture” item or a policy issue it should be addressed by the Board
- Board must act in the best interests of the Association