Brief History of Cooperative Housing

by Richard Siegler and Herbert J. Cooper-Levy

Records of shared-ownership housing, now known as condominiums, are contained in Babylonian documents dating from 2,000 B.C. which describe the sale of the first floor of a house, with the owner retaining title to the second floor. There is a condominium-type deed written on papyrus dating from 434 B.C. It describes an apartment and its boundaries, with specific instructions as to the right of conveyance and indicates that the apartment owner had obtained title insurance. The ancient Romans had shared ownership housing. The Digest of Justin Ian refers to what seems to be separate ownership of the lower and upper portions of a house and also mentions dwelling quarters sharing a common roof and separated from each other by party walls.

Individual ownership of "stories" of property probably developed further in Europe, during the early housing shortages which resulted as populations grew in cities confined within walls. In medieval times, many towns that later developed into some of Europe's largest cities were surrounded by walls to protect them from marauders; Paris, for example, was once a small town of about 675 acres situated within high walls, the first of which was erected between 1180 and the early 1200s.

Sanitary hazard

If for no other reason, the sanitary conditions then prevailing in multistoried dwellings would have been sufficient cause to abandon such housing. As the danger of attack lessened and the expanding urban population moved outside the city walls, storied ownership began to dwindle away, but apparently never disappeared.

Early condominium antecedents have been found in sixteenth century Grenoble, Lyon, and Chambery and in a 1672 "Sentencia del Parlamento de Paris" which provided: "When a building is possessed by two different landlords of whom one is on the lower part and the other on the upper, each one can do what pleases him in his inconvenience to either the comfort or the solidity of the building." The Napoleonic Code, in 1804, referred to the repair and reconstruction of a building in which different floors belonged to various proprietors.

More than 1,000 years ago the Pueblo Indians in the southwest carved their apartment-like homes from the side of mountains. They did not know it then, but these native American cliff dwellers could have been considered some of the first developers of residential cooperative housing in the world.

Cooperative housing is a relatively recent innovation. Its first known appearance was in 1720 in Rennes, France, when a large fire caused a desperate housing shortage. A cooperative effort there produced an apartment building in which the head of each family paid for his own apartment. Britain had cooperative housing in the mid-nineteenth century, Switzerland in the latter half of the century, New York in 1876, and Sweden in 1880. But cooperatives were not significant factors in housing development until after World War I.

Cooperative Housing in Modern Europe

The housing shortage and tight markets in Europe following World

Richard Siegler is a partner in the New York City law firm of Stroock & Stroock & Lavan. He is a member of the Committee on Condominiums and Cooperatives of the Real Property Section of the New York State Bar Association. He is also adjunct professor at New York Law School, where he teaches a course on cooperative and condominium law.

Herbert J. Cooper-Levy is the executive director of the National Association of Housing Cooperatives.

War I was a major factor in the establishment of a number of lower and middle income cooperative housing projects. The period of greatest cooperative development, however, occurred in the aftermath of World War II, in response to an acute housing shortage caused by the war and the virtual cessation of housing construction during the war years, even in countries not involved directly in the war. At the same time, returning World War II soldiers were marrying and having families and needed places to live. To alleviate this housing shortage, governments initiated and assisted cooperative development.

Scandinavian cooperatives provided the model for much of European development. This type of cooperative venture begins with the so-called mother cooperative, which is a building society that manages fund-raising and construction. The completed and operative housing cooperative, called a daughter, then functions separately under a protective alliance with the mother to provide for more effective management. The individual purchaser of the cooperative apartment owns shares in the development and is subject to a privileged lessee status that affords a great deal of independence.

The Scandinavian device has often been used to create outright individual ownership, rather than permanent cooperative tenancy. After the completion of construction on a cooperative basis, either individual or condominium ownership is conveyed, although sometimes not until the purchaser has repaid his or her share of the loan made to finance construction. In such a case, the purchaser retains cooperative status while purchasing the home over a ten or twenty year period.

The European cooperative movement succeeded in many cases in its goal of providing substantial numbers of new housing units at low and moderate cost to growing populations beset by housing shortages. In few cases, there have been complaints of inefficiency and poor construction. The cooperative format dominates Soviet Russia, and reportedly suffers from frantic consumer demand and poor construction. Luxury cooperatives have remained a largely American phenomenon; in Europe, private builders providing luxury housing have tended to concentrate on condominiums.

Early Cooperative Housing in New York

The first cooperative housing projects in the United States were established in nineteenth-century New York City. The first cooperative was the Randolph, erected on West Eighteenth Street in 1876, and it was followed over the next several years by several similar ventures.

These early projects were called "home clubs;" the word "cooperative" was not applied to housing projects in this country until after the turn of the century. A home club was a joint stock company, the stockholders of which were entitled to long-term leases of apartments within the building owned by the company. The leases were transferable only to parties acceptable to other members of the club. The buildings were owned by only 40 to 50 percent of their occupants; the other occupants rented, and their rents paid for most of the maintenance of the entire building. The Barrington Apartment Association, a home club project formed in 1882, stated its purpose as:

"Purchasing, acquiring and improving real estate or residence, homesteads and apartment houses, to be leased and conducted by the corporation so formed and occupied by the stockholders thereof and others, and apportioning and distributing the same among the stockholders and members of the company.

These first cooperative apartments were designed to provide people in high income brackets with the advantages and economies of individual homeownership without all of the responsibilities. They were generally duplexes, reproducing as closely as possible the atmosphere of a private house. The apartments offered freedom from furnacemen, watchmen, and other servants and maintenance workers; the ability to go away and return to apartments ready for occupation, to redecorate at will, to move more easily, and to save money on household expenses. In an era where spacious, individually owned brownstones maintained by a landlord were considered undesirable and even scandalous, the advantages might have seemed considerable.

The Barrington Apartment Association had the distinction of being the first cooperative to become involved in litigation. In 1886, in an action brought by the cooperative corporation to restrain a subtenant of a cooperative apartment tenant–owner from further subletting without consent. With consent, a cooperative tenant–owner had sublet to the defendant under a lease that contained no provision against subletting. Without consent, the subtenant decided to sublet to a third person; the corporation objected, and the injunction suit followed. The Court granted this injunction because, although the lease did not prohibit subletting, the subletting would result in a violation of the cooperative's rules and "demolition" of its original design.

This early cooperative movement stopped after a few years. Multi-unit buildings erected after 1885 were of the rental variety, as they had been before 1876.

The Cooperative Movement: 1920–1941

There was little cooperative housing activity in the United States between 1885 and the end of World War I, but in the postwar economic boom urban populations grew rapidly and costs of urban land grew proportionally. Individual houses grew increasingly expensive in metropolitan areas, and urban dwellers turned to the stock cooperative as a way to overcome high costs and at the same time enjoy a form of home ownership. The first true cooperative development in the United States was started in 1918 by a group of Finnish artisans—the Finnish Home Building Association in Brooklyn, New York.

The first 100 percent stockholder-occupied cooperative was built in 1920, and for the next 10 years both cooperatives for wage earners and luxury cooperatives were popular forms of housing. Upper middle-income plans were the most common type and some apartments were very expensive. Stock representing one apartment sold for $450,000, with yearly maintenance charges of $22,000.

Exclusivity was a major attraction for luxury cooperative projects. Developers considered it important to locate cooperatives in stable neighborhoods occupied by the right type of people, and prospective tenants were sometimes carefully screened for every kind of congeniality as well as for financial stability. For example, one cooperative refused to allow a sublease to a prominent Jewish lawyer because, as an officer of the housing cooperative explained,

> "many of the people of the class of tenants to whom we must look in renting have a prejudice against close association with Hebrews, so by restricting the house in this respect, we adopt a measure which will strongly appeal to any prospective tenants."

The New York Housing Act of 1927, the State Limited Dividend Housing Companies Law, was a major factor in the development of a number of middle and low income cooperatives. This statute granted tax exemptions on the increase in value resulting from the construction of the new project for a period of up to 50 years, and also provided for condemnation to permit assemblage of adequate sites at fair prices. Thirteen cooperatives were built under this program, one of the first being Amalgamated Housing Corporation, sponsored by the Amalgamated Clothing Workers Union and built in the Bronx in New York City. The first section contained approximately 300 units, with an average carrying charge of $1 per room, and a purchase price of about $500 per room. The development became an example of successful planning for persons of moderate means. Amalgamated Housing Corporation grew to 1,400 units all abutting Van Courtlandt Park in the Bronx, New York. These cooperatives housed union members but were open to the general public.

These early cooperatives were models of economy and good living. They were designed with consumer interest in mind and withstood the economic pressures of the depression and the rigors of the Second World War. The man most responsible for their development was Abraham Kazan, whose knowledge in the field of cooperatives was built on his experience as manager of the Amalgamated Clothing Worker's Credit Union.

Queensboro Project

Edward MacDougall's large-scale Queensboro Corporation project was another contemporary model of moderate income cooperative housing. The garden apartment community in Jackson Heights, Queens, New York, was based on European architectural designs, and had attractive, sunny rooms and outdoor spaces for children to play in. By 1929 it housed over 2,000 families and was considered an outstanding success.

Some people at this time apparently opposed the cooperative idea as financially unsound, legally impossible, and already a demonstrated failure. But others considered it the solution to the urban housing problem, and drawbacks of cooperatives were largely overlooked. By 1925, cooperatives buildings had been erected in sixteen United States cities. By 1930, the value of cooperatively owned apartment houses exceeded $500 million. About half of the cooperatives in 1930 were located in New York City, but cooperatives also were a factor in such cities as Chicago, Detroit, Buffalo, San Francisco, and Philadelphia.

The financial collapse at the end of the decade almost brought the cooperative movement to a standstill. Even before the crash, problems with luxury cooperative developments were evident. Costs were high. Promoters' profits were often exorbitant, sometimes reaching 100 percent. Frequently, excessive mortgaging resulted in high amortization charges. Consumer protection was often lacking. Tenant–shareholder defaults in the payment of operating expenses, taxes and mortgage charges also created financial difficulties for cooperatives.

During the Great Depression, failures of the luxury cooperatives multiplied. Shareholders who remained often could not meet the higher proportionate charges caused when others left, and they could neither sell their shares in the depressed market nor cancel them under the typical long-term proprietary leases (many ran for ninety-nine years, though shorter term lease also existed). Unemployment, job fluctuations, and consequent shifts of groups of workers caused the collapse of a number of low-cost developments.

By 1934, over 75 percent of the cooperatives in Chicago and New York had gone under; only two of New York's above-average income apartment houses in New York remained. There was a marked curtailment of all building, and many existing buildings were sold under foreclosure.

Cooperative Housing Revival: 1942–1961

After more than a decade of stagnation, above average-income cooperative housing received new impetus in 1942. In that year, the Emergency Price Control Act, containing rent control provisions, was signed into law as an anti-inflationary device. To cope with declining returns on rental housing which resulted from the combination of fixed rents and climbing maintenance costs, owners converted many buildings to cooperatives. There was a ready market for these units; tenants fearing dispossession, who often were forced to pay high prices for apartments they otherwise would have had no desire to buy.

What is now Section 216 of the Internal Revenue Code was also adopted in 1942, making deductions for real estate taxes and mortgage interest charges available to the owners of residential cooperative apartments on a basis comparable to that enjoyed by owners of single family dwellings. The tax deduction meant little to lower income renters, but gave high-bracket taxpayers an incentive to buy cooperative apartments instead of renting. As the war ended, the economy rebounded and veterans returned to the cities and the work force, the urban areas again suffered severe housing shortages. Further state and federal legislation was passed to encourage the building of apartments including cooperatives. The federal government and some states, notably New York, gave tax benefits to new non-profit housing ventures. While moderate-income housing was the focus of government aid and most projects were for those of moderate income, higher income cooperative projects and conversions were also popular. Entire communities consisting of duplex houses were planned.

Between 1945 and 1950 trade union-sponsored cooperatives made important progress. Abraham Kazan continued to lead this kind of cooperative development in the New York area. There was also a substantial growth of consumer sponsored cooperatives, many of which found the going hard particularly because there was no readily available source of financing and no federal insurance of mortgages to attract private capital into the cooperative housing field.

During the postwar years, inflated construction costs and legislative rent ceilings made commercial apartment buildings a poor risk for professional investors. Veterans' organizations, labor unions, and real estate promoters turned to prospective occupants of the new buildings—frequently the members of the sponsoring organizations—as the logical source of the necessary capital.

With an eye to the failures of the luxury cooperative movement of the 1920s, apartment owners more frequently entered into relatively short-term leases including "escape clauses" which permitted individuals to be relived of continuing liability for the payment of rent; if a tenant defaulted on his payment and could not find a buyer, he would turn his stock over to the cooperative organization and retain no further liability.

Legislation for a Federal Program

In 1948 Congressman Wright Patman of Texas introduced legislation in the Congress calling for the creation of a special agency to finance middle-income cooperative housing. Even though this proposed legislation never reached the final legislative process, it led the way to the formulation of omnibus housing legislation the following year.

In 1949, Senator John Sparkman and his associates introduced the "Middle Income Housing Bill," which was a dramatic, even revolutionary, piece of legislation for that period. After intensive debate it lost in the Senate by a five-vote margin. When the Congress adjourned, however, five members of the Senate and five members of the House went to Europe to study cooperative housing in the Scandinavian countries and the low countries of Europe. The report of these two missions served as a basis for the Housing Act of 1950, which authorized and directed the Federal Housing Administration to insure blanket mortgages on cooperative housing projects.

The National Housing Act was amended in 1950 by the addition of Section 213 to stimulate investment in middle income cooperatives, and by 1958 about 45,000 cooperatives units out of 100,000 then existing were financed with mortgages insured by the federal government under Section 213.

By then, some middle income cooperatives were found in all areas of the country, although heavily concentrated in New York City. New York State accounted for nearly 29,000 of all cooperative units, including one cooperative apartment development, Rochdale Village in New York City, with room for 5,860 families, or a possible total of about 20,000 people. New York's disproportionate share was probably attributable to state and local programs which provided the stimulant of tax abatement and state tax exempt mortgage financing, the state's substantial experience with cooperate housing since the 1920s, and the number of luxury cooperatives in New York City which might have lent cooperatives more familiarity and status than existed elsewhere.

The United Housing Foundation

In 1951, the United Housing Foundation (UHF) was organized to provide broader sponsorship for cooperative housing formalizing the success of Abraham Kazan and his associates. By 1965 UHF and its predecessors had readapted some 23 cooperative housing projects in New York City, ranging in size from the 124-unit Mutual Housing Association in the Bronx to Rochdale Village in Queens on Long Island, with 5,860 apartments and also its own food stores, nursery schools, a credit union, and a multitude of civic and social organizations, to make it an integrated and well rounded community.

With the support of the Mayor of New York City and Governor of New York State. UHF developed Co-op City which now houses over 15,000 families, or about 40,000 people. UHF built schools for the project and turned them over to the Board of Education of New York City for operation. In addition, the community has three shopping centers with co-op supermarkets, branches of New York City banks and specialty shops and service stores necessary for service of this size community.

The United Housing Foundation worked primarily in New York City and New York State, using financing from savings banks, insurance companies union pension funds and other conventional sources and also direct mortgage loans from the state of New York. The UHF emphasis was on high rise, large-scale projects to meet a mass need for lower priced housing in New York.

In recent years, UHF has changed its emphasis to assisting in converting existing rentals to co-ops. It is also working on the adaptive reuse of an office building to cooperatively owned assisted living for seniors.

The Foundation for Cooperative Housing

To take advantage of the new federal legislation, the Cooperative Housing Foundation (CHF), formerly known as the Foundation for Cooperate Housing, was organized in 1951 as a national non-profit institution dedicated to research and education in the field of cooperative housing for persons and families of middle income and less. The Foundation trustees realized however, that research and development of the cooperative housing idea was not enough. There was a need for a technical service organization which could provide the expertise needed by consumers to bring cooperative housing projects from an idea and a piece of land to a completed multi-family housing community.

In 1952 the foundation created the FCH Company, later to be known as FCH Services to provide architectural, engineering and site-planning guidance, and community organization; to locate sources of financing, to conduct member education and training, and to manage cooperative housing projects.

The first CHF undertakings involved conversion of existing multi-family developments to cooperative ownership. CHF helped convert the town of Greenbelt, Maryland, which had been built by the federal government as one of several pilot or demonstration new towns of the 1930s. In 1952, the 1,579 homes in Greenbelt were purchased by a cooperative association formed by the residents with technical assistance of CHF and with financial assistance from what is now the Nationwide Insurance Company. At that time Greenbelt constituted one of America's largest cooperative housing associations. This was an excellent example of the team work of the local residents who initiated and sweat thorough the long months of organization; plus a team of experts to shape and guide the program through purchase to ownership. Roger Willcox, professional town planner and executive officer of CHF, and David Krooth, senior partner in Krooth and Altman, provided the expertise to make the dream workable.

Between 1953 and 1956 CHF converted several other large projects to cooperative ownership. These included the 772-unit Bridgeport

Mutual Garden Apartments in Bridgeport, Connecticut, which were converted into five co-ops managed by a Bridgeport mutual management company, owned by the co-ops. Others included the 1,609-unit Armstead Gardens, a public and war housing project in Baltimore, Maryland, and the 924-unit Success Village, also in Bridgeport, also public and war housing.

The first new construction projects sponsored by CHF were completed in Maryland, New Jersey, Missouri, Ohio, Pennsylvania, New York, and West Virginia. By the end of 1960, CHF had helped create 6,300 homes with a value of about $25 million.

Since 1961, CHF activities expanded rapidly. By 1965 the annual volume of housing developments sponsored by CHF had reached about 4,000 units a year, and by 1970 its annual development rate had increased to 8,000 units annually. Co-ops were built or created by conversions in 30 states. The mortgage value of new projects grew from $50 million a year in 1965 to $145 million a year in Fiscal Year 1970.

By 1972, CHF was easily the largest sponsor of non-profit housing in the U.S., with more than 50,000 units of cooperative housing.

With the end of federal assistance in the construction of new assisted housing, CHF changed its emphasis to working internationally.

Cooperative Services, Inc.

Originally organized as Cooperative Dairy Services in 1945, Cooperative Services, Inc., (CSI) has provided a range of cooperative activities from group prepaid eye care to low cost housing for the elderly. Wyandotte Cooperative Apartments in Wyandotte, Michigan, was the first development, occupied in 1965. In the 1970s eight more senior citizen co-ops were built in the Detroit area, using a variety of financing federal and state and city government as well as private resources. CSI also acquired an established troubled HUD project in Florida and converted it into a successful co-op. By the end of the 1970s, three of the CSI projects became independent, but the six remaining co-ops had become models for the nation of non-profit sponsored housing for senior citizens, managed cooperatively by member residents.

The co-op went through a major restructuring in the early 1980s. CSI won a lawsuit against HUD in 1979 for 2,000 apartment units. After reviewing competing obligations, the decision was made to put all resources toward the development of this housing for seniors. The optical company was spun off to a separate cooperative, land parcels were sold, and the construction company and architectural division shut down. CSI now has housing co-ops from Maryland and Massachusetts to California.

The Association For Middle Income Housing

Another institution which has played a significant role in the history of cooperative housing was organized in 1961. This was the Association of Middle Income Housing (AMIH—now the Metropolitan Mutual Housing Association) which has concentrated most of its development efforts in New York. It organized the 420-unit Chatham Green Cooperative in 1962 in Manhattan.

AMIH is noted primarily for the dramatic new housing designs it initiated. For example, Chatham Towers, built in 1965, a 21-story development with 240 apartments has received many architectural awards. Other developments include Bluebird Houses in the Virgin Islands, Sunset Green in Yonkers, and Luna Park Village in Brooklyn. The latter is a middle-income project for 2,500 families, originally built by the New York City Housing Authority and converted to cooperative ownership by AMIH.

In lower Manhattan the six towers of Gouverneur Gardens containing 782 co-op apartments was a similar conversion by AMIH. It was built by the New York City Housing Authority but was designed for cooperative ownership. This was an experiment with a city housing authority building middle income cooperative housing in partnership with a non-profit sponsor who organized the cooperative. In all, AMIH converted over 6,000 public housing units to cooperative ownership.

Federation of Section 213 Cooperatives

During the mid 1950s a unique cooperative organization, the Federation of Section 213 Cooperatives, was organized by members of "builder sponsored" cooperatives who had joined together initially as the Council of Presidents of 213 Cooperatives. When the federal government launched its cooperative housing mortgage insurance program under Section 213 of the National Housing Act, it permitted private builders to initiate cooperative housing projects without consumer participation or control in the development of the projects. A builder who had land and financial resources was able to secure government insurance for a 40 year mortgage for his cooperative housing project. A builder purchased a site, submitted a project proposal to the government and organized a dummy cooperative made up usually of members of his own staff. The dummy cooperative was a pliant instrument in the hands of the builder. Changes which he needed to make in plans and specifications, materials and design, were automatically approved by the "so-called co-op" which he, in fact, controlled. These changes were also subject to the approval of the FHA as the insuring agent.

Approximately 160 cooperative housing projects were built in New York City under the "builder-sponsor" program. Because of the tremendous unfulfilled demand for middle-income housing these 97% mortgages at the then current market interest rate were quickly sold to the consumers.

At the time of occupancy a genuine cooperative of the resident owners took ownership and soon discovered a number of construction defects. Almost without exception these cooperatives sought out attorneys, or lawyers came to them, and prepared suits against the builders. Most of the builders were guilty of smaller or larger technical infractions of the law. Most of them settled out of court; most of them were unhappy; and the "builder-sponsor" program drew such criticism in the Congress that the federal government modified it.

In spite of the criticisms of the program and the anger of the new resident owners, the apartments in builder-sponsored projects were a bargain in New York's housing market in the 1950s. A few of the leaders of these "so-called" cooperatives determined to make them into genuine cooperatives. They created a federation of these developments for the purpose of exchanging information and education to stimulate consumer activities and to undertake joint projects. Measured in terms of member participation, the developments became excellent cooperatives and models for others. The Federation of Section 213 Cooperatives (now the Federation of New York Housing Cooperatives) became an important institution in New York City. Today nearly 100,000 people live in co-ops associated with the Federation. It has continued its education and political program under its guiding principle, an informed board is an effective board.

During the 1950s, this Federation enlisted support from the Cooperative League of the USA (now the National Cooperative Business Association) and the National Housing Conference in promoting a mutual mortgage insurance fund for the cooperatives organized under the Section 213 FHA-insured mortgage program. The Congress agreed, and FHA set up the Cooperative Management Insurance Fund. The reserves built up in this mutual fund became more than adequate to meet any possible default on the Section 213 mortgages. The financial record of these cooperatives was so good that payments from excess reserves to the participating cooperatives, patronage refunds, were going directly to cooperative associations which had been paying the federal government a mortgage insurance premium of 1/2 of 1 percent of the amount of the mortgage. Patronage refunds from excess reserves have been paid to the Section 213 cooperatives every year since the first distribution was authorized, and the FHA 213 program has the lowest default rate of all HUD multi-family programs.

Recently, the Federation has expanded its focus. Recognizing that no new Section 213 cooperatives were being organized in New York while many buildings were being converted to cooperative ownership, the Federation changed its name to the Federation of New York Housing Cooperatives and welcomed into membership cooperatives financed without federal assistance.

Other Cooperative Housing Organizations

Early in 1960, UHF and FCH joined with the Cooperative League of the USA and other institutions to incorporate the National Association of Housing Cooperatives (NAHC) in which all established cooperatives are eligible for membership.

NAHC and FCH also assisted in developing regional associations of cooperatives in various parts of the country. These associations joined a few existing co-op associations, e.g. Federation of New York Housing Cooperatives and the Eastern Cooperative Housing Organization in providing services including training and education, seminars and conferences, local and state legislative advocacy, and group purchase of goods and services. They now include the California Association of Housing Cooperatives, the New Jersey Federation Housing Cooperatives, the Midwest Association of Housing Cooperatives, the Potomac Association of Housing Cooperatives and the Southeast Association of Housing Cooperatives. Other cooperative organizations have been organized including the Coordinating Council of Cooperatives, the Council of New York Cooperatives, and the Mitchell-Lama Council.

Advocacy and development organizations also sprang up across the country. The first was the Mutual Ownership Development Foundation created in San Francisco in 1967. It sponsored a number of cooperative housing projects in California, Arizona, New Mexico, Oregon, Washington and Hawaii.

HUD Assistance to Cooperatives

In the 1960s and 1970s, virtually the only cooperatives outside New York City being developed were assisted by HUD programs. In addition to the Section 213 program, HUD offered 100 percent loan-to-value ratio loans for moderate-income cooperatives under the Section 221(d)(3) program and provided subsidies via the Section 236, Section 8, and Section 202 programs.

Today, cooperatives are eligible for HUD's Section 223(f) refinancing program and Section 221(d)(3) co-insurance program.

Fannie Mae, Freddie Mac and The Co-op Bank

The creation and operation of the National Consumer Cooperative Bank (now the National Cooperative Bank) and the creation of a national secondary loan market for cooperatives through the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) have institutionalized cooperative loan making. Freddie Mac entered the cooperative blanket mortgage market in 1981. Fannie Mae introduced its multi-family mortgage program for cooperatives in 1984. Both Fannie Mae and Freddie Mac buy cooperative blanket loans. Fannie Mae, however, is the only national secondary market investor for cooperative share loans. ♦