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# New Board Members

**FAILURE  
IS  
NOT  
AN  
OPTION**



**THE BOARD  
IS VISIONARY**  
SOARING AT THE  
HIGHEST LEVEL





## ***Your journey to cooperative housing excellence begins here!***

Unlock your potential, transform your community, and shape the future of cooperative housing. Together, we'll build better communities for tomorrow. Cooperative housing is more than just property; it's about people, community, and collaboration. By enrolling in our course, you're taking a significant step toward becoming a cooperative housing management expert.

### **Unlock Your Potential in Cooperative Housing:**

Are you passionate about community living and looking to take your cooperative housing Board Member skills to the next level? Are you a board member, property manager, or community leader eager to impact your cooperative housing community positively? If so, this comprehensive Cooperative Housing Board Member Course is designed just for you!

### **Why Cooperative Housing Board Members Matter:**

Cooperative housing isn't just about shared spaces and collective decision-making; it's about building vibrant, inclusive, and sustainable communities. In today's ever-changing world, cooperative housing has never been more critical. Whether you're a seasoned professional or just starting your journey in the field, our course empowers you with the knowledge, skills, and tools you need to excel.

## **What You'll Learn:**

Our course covers a wide range of essential topics, including:

- Understanding cooperative housing models and their history.
- Legal frameworks and governance structures.
- Effective financial management and budgeting.
- Maintenance and repair strategies for a well-maintained community.
- Strategies for building and maintaining a diverse and engaged membership.
- Property management best practices.
- Legal compliance, regulations, and risk management.
- Conflict resolution and dispute handling.
- Marketing and membership growth.
- Long-term planning and sustainability.
- Embracing technology and innovation.
- Sustainable and green practices.
- Crisis management and preparedness.
- Cultural diversity and social cohesion.
- Future trends and challenges in cooperative housing.
- Effective communication strategies.
- Tools for building and fostering community.

Cooperative housing management is more than just property; it's about people, community, and collaboration. By enrolling in our course, you're taking a significant step toward becoming a cooperative housing management expert.

Unlock your potential, transform your community, and shape the future of cooperative housing. Enroll in our comprehensive Cooperative Housing Management Course today! Together, we'll build better communities for tomorrow.

***Your journey to cooperative housing excellence begins here!***

# Chapter Overview

## INTRODUCTION :

Consider starting with an engaging and motivational introduction highlighting the importance of cooperative boards in communities and the potential impact new board members can make.

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- Collaboration for Community Excellence: Leveraging Community Partners
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## **Introduction**

# INTRODUCTION YOUR EXCITING JOURNEY AS A COOPERATIVE BOARD MEMBER

## Congratulations on Your New Role!

### Welcome to the Cooperative Housing Board Member Training

Your journey to excellence in cooperative housing begins here! We are delighted to have you embark on this exciting voyage through the world of cooperative governance. This comprehensive training program is designed to equip you with the knowledge, skills, and tools necessary to excel as a board member in the cooperative housing community.

### Unlock Your Potential in Cooperative Housing

Are you passionate about community living and eager to enhance your skills as a Cooperative Housing Board Member? Whether you currently serve as a board member, are a property manager, or hold a leadership role within your community, this training is tailored specifically for you.

### Why Cooperative Housing Board Members Matter

Cooperative housing is not merely about shared spaces and collective decision-making; it's about cultivating vibrant, inclusive, and sustainable communities. In today's ever-changing world, cooperative housing plays a crucial role in providing affordable and supportive living environments. Whether you are a seasoned professional or just beginning your journey in this field, this course empowers you with the knowledge, skills, and tools needed to excel.

### What You'll Learn

Our comprehensive training program covers a wide range of essential topics, including:

- Understanding cooperative housing models and their historical context.
- Legal frameworks and governance structures.
- Effective financial management and budgeting.
- Maintenance and repair strategies for a well-maintained community.
- Strategies for building and maintaining a diverse and engaged membership.
- Best practices in property management.
- Legal compliance, regulations, and risk management.
- Conflict resolution and dispute handling.
- Marketing and membership growth.
- Long-term planning and sustainability.
- Embracing technology and innovation.
- Sustainable and green practices.
- Crisis management and preparedness.
- Cultural diversity and social cohesion.
- Exploring future trends and challenges in cooperative housing.

- Effective communication strategies.
- Tools for building and fostering community within your cooperative.
- Cooperative Housing Management - More Than Property

Cooperative housing management is not solely about managing property; it's about fostering a sense of community and collaboration and enhancing the lives of residents. By participating in this training program, you are taking a significant step towards becoming an expert in cooperative housing management.

### **Unlock Your Potential, Transform Your Community**

Together, we will unlock your potential, transform your community, and shape the future of cooperative housing. Your journey to cooperative housing excellence begins here!

### **Congratulations on Your New Role!**

Welcome aboard, esteemed board member! By joining the cooperative board, you have embarked on a remarkable journey to help shape the future of your community. We are thrilled to have you on board and look forward to guiding you through the exciting world of cooperative governance.

### **A Heartfelt Thank You for Your Volunteering Spirit!**

First and foremost, we want to extend our sincere gratitude for your willingness to volunteer your time and energy to improve your cooperative. Your dedication and passion for your community are the driving forces behind its success.

### **Feeling Overwhelmed? Let's Navigate Together!**

It is perfectly normal to experience a mix of excitement and uncertainty as a new board member. You might be wondering, "What's next?" Don't worry; we are here to help you find your way. Drawing from our extensive experience working with dedicated board members like yourself, we have crafted a comprehensive resource course to support you on this journey.

### **Unlocking the Path to a Fulfilling Role: Traits of Successful Board Members**

Now, let's delve into the heart of your role as a board member. Being successful in this position is not just about ticking off tasks; it is about embodying specific behaviors and attitudes that can genuinely make a difference in your cooperation and community.

**Prioritize Your Community Always:** Your foremost duty is to prioritize the well-being of your entire cooperative community. Decisions you make should always serve the greater good and never be influenced by personal gain or limited interests.

**Be Proactively Prepared:** Preparation is key. Board meetings may not happen daily, so make the most of each one. Familiarize yourself with your community and its governing documents, as this knowledge will help build trust among your fellow homeowners.

**Master the Art of Delegation:** Effective delegation can enhance community vitality. Work with your fellow board members to determine tasks that can be delegated and collaborate with trusted partners who can deliver quality results.

**Radiate Positivity:** Maintaining a positive attitude is crucial, as serving on the board will have ups and downs. Your ability to encourage positivity can be a source of inspiration for your friends and neighbors.

**Staying Cool Amid Challenges: Managing Conflict Gracefully**

Conflict is a part of life, but how you handle it can make all the difference in your community's progress.

### **Collaboration for Community Excellence: Leveraging Community Partners**

You are not alone on this journey; association partners are vital for efficient and professional operations. Let's explore how to collaborate effectively.

### **Embracing Humility: The Foundation of Effective Board Membership**

Finally, humility is a cornerstone of exceptional board membership. It garners respect and fosters a culture of trust.

In the following sections, we will delve deeper into these concepts and equip you with the knowledge and skills needed to navigate responsibilities, resolve conflicts, collaborate with partners, and be the exceptional board member your community deserves. So, let's embark on this exciting journey together!

**Welcome aboard!**



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## *Chapter 1*

### *Cooperatives*

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## **Chapter 1 Cooperatives**

## CHAPTER 1: THE FASCINATING WORLD OF COOPERATIVES.

### **Welcome to the Cooperative Movement!**

Dear new board member or director, welcome to the vibrant and dynamic world of cooperatives! Your journey begins here, and this chapter will be your passport to understanding the essence of cooperatives. Get ready to explore a unique, member-driven universe and discover your role in shaping the cooperative's future.

### **Unraveling the Rochdale Principles: The Birth of Cooperatives**

Picture this: In the early 19th century, there was a bustling town called Rochdale, England. The Industrial Revolution was in full swing, yet many people in this town were trapped in a cycle of poverty due to unfair pricing and deceitful trade practices. Amidst this adversity, 28 weavers and local artisans decided it was time to challenge the status quo.

Pooling their meager resources, these visionary individuals opened a store on Toad Lane, Rochdale, in 1844. Their vision was refreshingly simple yet revolutionary: a store where goods were sold at honest prices, and the profits were shared among the members, not siphoned off by middlemen. This marked the birth of the Rochdale Society of Equitable Pioneers.

#### **Question for Reflection:**

Can you imagine the frustration and determination of those 28 weavers as they embarked on their journey to create a fairer, more equitable system for their community?



## **Let's Dive Deeper into the Rochdale Principles:**

### **Original Version, 1844:**

#### **Open Membership:**

Inclusivity was at the core. Anyone, regardless of gender, race, or socio-economic status, could join without discrimination.

#### **Democratic Control:**

Members actively managed the cooperative, making consensus-based decisions, ensuring it indeed served the community's needs.

#### **Surplus Distribution:**

Profits were not the property of a few; they were shared among all members, fostering a sense of collective ownership and shared success.

#### **Limited Interest on Capital:**

The pioneers believed capital shouldn't lead to excessive gains, so interest in members' capital contributions was kept reasonable.

#### **Political and Religious Neutrality:**

The cooperative remained neutral on political and religious fronts, focusing on economic welfare and social equity.

#### **Cash Trading:**

Embracing a cash-only model ensured financial stability and reduced the risk of debt.

#### **Promotion of Education:**

The pioneers recognized the power of education. They reinvested part of their profits to educate members about cooperative principles and other essential topics, empowering the community.

#### **Question for Consideration:**

How do these principles resonate with your understanding of fairness, equality, and community empowerment?

### **Evolution Over Time:**

The Rochdale Principles evolved to adapt to changing societies and economies. The International Cooperative Alliance (ICA) recognized their significance and adapted them. By 1996, the ICA version included principles that emphasized autonomy, collaboration between cooperatives, and community concern.

### **Impact and Legacy:**

The Rochdale Principles extend far beyond Rochdale or even the UK. They have laid the foundation for cooperatives worldwide. From African farmers pooling resources to export their produce to giant cooperatives like Land O'Lakes in the US, the Rochdale Principles remain the gold standard.

### **Question for Reflection:**

How do you envision these enduring principles shaping your cooperative's journey and impact on the community in the years to come?

As we delve further into the cooperative world, remember that the spirit of the Rochdale Principles endures, showcasing what determined individuals can achieve and how shared values can create sustainable and equitable businesses.

## **Section 1.2: Unveiling the Rich Tapestry of Cooperatives**

### **Defining a Cooperative: Beyond Mere Business**

Welcome to the world of cooperatives, where the concept of business transcends profit-driven motives, embracing collective participation and mutual benefits. In this section, we'll embark on a journey to uncover the core attributes that make cooperatives truly special and explore the wide-ranging applications of this remarkable model across diverse industries.

### **Question for Reflection:**

What inspired you to delve into the world of cooperatives, and what do you hope to discover on this exciting journey?

### **Member Ownership: Where Everyone Has a Stake**

At the heart of every cooperative beats the principle of member ownership. In this realm, ownership isn't dictated by stock shares scattered among external shareholders. Instead, it's a beautifully equitable arrangement where every member holds a rightful stake.

### **Question for Consideration:**

How does equitable member ownership resonate with your vision of fairness and community engagement?

### **WHY CO-OPS MATTER TODAY** >

From a social justice and democratic point-of-view, cooperatives matter today because ***they help to rebalance power and dilute the concentration of wealth.***



### **Democratic Control: Every Voice Matters**

Cooperatives are renowned for their democratic operation. Unlike conventional business structures where decisions may rest with a select few, cooperatives embrace collective decision-making. Here, every member's voice is valued and carries equal weight. This ensures that the cooperative's actions align with its members' shared will and needs, promoting inclusivity and fairness.

#### **Question for Self-Reflection:**

How do you envision actively participating in the democratic decision-making process within your cooperative, and what positive impact can this have on your community?

### **Mutual Benefits: Beyond Profits**

In the world of cooperatives, profit is significant but not the sole objective. The primary aim is to serve members' needs and ensure that benefits are mutually shared. This could mean better prices, investment in community projects, or other tangible and intangible rewards that align with the cooperative's mission.

#### **Question for Thought:**

How can a cooperative's focus on mutual benefits create a stronger sense of community and shared purpose among its members?

### **Distinct Principles: The Bedrock of Cooperatives**

These three fundamental principles are the pillars upon which cooperatives stand:

- a. User-Owner:** Those who use the cooperative's services or products are the rightful owners, ensuring their interests are always a top priority.
- b. User-Control:** Members who utilize the cooperative should have a say in its functioning, preserving the democratic essence of cooperatives.
- c. User-Benefits:** The benefits derived from the cooperative are channeled back to its users, promoting fair distribution based on use and contribution.

#### **Question for Consideration:**

How do these principles resonate with your understanding of cooperatives, and how can they be applied effectively in your specific cooperative context?

### **Cooperatives Across Industries: Versatility Unveiled**

Cooperatives are not confined to a single industry or sector. Their versatility shines through in various domains. Whether it's farmers joining forces for better prices, residents collectively owning and managing property, or cooperatives in banking, retail, healthcare, arts, and culture, the cooperative model adapts and thrives.

#### **Question for Discussion:**

Can you think of examples in your community or industry where cooperatives have significantly impacted, and what lessons can be drawn from their success stories?

As we journey deeper into the realm of cooperatives, remember that their uniqueness lies in their member-centric approach. These intricacies provide profound insights into why cooperatives endure and how they contribute to more inclusive and equitable economic systems. So, let's continue our exploration and uncover the countless possibilities that await within the cooperative world!

## Section 1.3: Exploring the Vibrant World of Cooperatives

### **Cooperative Principles: The Guiding Pillars**

Regardless of their industry or scale, Cooperatives are anchored in a set of universal principles that extend far beyond operational guidelines. These principles, as outlined by the International Cooperative Alliance (ICA), embody cooperatives' very spirit, ethos, and core values. Let's embark on a journey to delve into the rich tapestry of these principles.

#### **Question for Reflection:**

What do you believe is the most fundamental principle underpinning the cooperative spirit, and why is it essential for cooperatives?



### **1. Voluntary and Open Membership: Welcoming All**

At the heart of cooperatives lies the principle of voluntary and open membership. This principle embraces inclusivity, extending membership to all individuals who can benefit from the cooperative's services and are willing to shoulder the responsibilities that come with it.

#### **Question for Consideration:**

How does the notion of inclusivity in cooperatives resonate with your values, and what positive impact do you envision it having on your cooperative community?

### **2. Democratic Member Control: Equality in Decision-Making**

In the cooperative world, every member wields an equal voice, regardless of their financial contribution. Decisions are crafted democratically, ensuring that the collective voice of all members carries equal weight.

#### **Question for Self-Reflection:**

How do you envision the democratic decision-making process in your cooperative, and what benefits do you foresee in maintaining this equitable approach?

### **3. Member Economic Participation: Sharing Risks and Rewards**

Members of cooperatives contribute equitably to the cooperative's capital, creating a shared sense of risk and reward. Any surpluses generated are channeled back to benefit members in proportion to their transactions with the cooperative or directed toward community development.

#### **Question for Thought:**

How can the equitable sharing of risks and rewards in cooperatives foster a stronger sense of ownership and community engagement?

#### **4. Autonomy and Independence: Guardians of Principles**

Cooperatives stand as autonomous organizations, firmly controlled by their members. Even when engaging in partnerships or raising capital, they safeguard their democratic control and independence.

##### **Question for Consideration:**

How does the principle of autonomy and independence ensure that your cooperative's core commitment remains unwavering, regardless of external pressures?

#### **5. Education, Training, and Information: Empowering Minds**

Cooperatives prioritize educating and training their members, elected representatives, and staff. They also endeavor to inform the broader public about the essence and benefits of cooperation.

##### **Question for Discussion:**

In what ways can the commitment to education and information-sharing empower members and communities, ultimately strengthening the cooperative movement?

#### **6. Cooperation Among Cooperatives: United for Impact**

Cooperatives realize their true potential by collaborating through local, national, regional, and international networks. This cooperation amplifies their reach, shares resources, and enhances efficiency.

##### **Question for Thought:**

How can cooperative collaboration create a ripple effect, benefiting individual cooperatives and the larger community they serve?

#### **7. Concern for Community: Beyond Member Needs**

While cooperatives aim to meet member needs, they also prioritize the sustainable development of their communities through policies endorsed by their members.

##### **Question for Self-Reflection:**

How can your cooperation actively contribute to the betterment of the community it operates within, and what positive changes do you hope to see as a result?

In essence, these seven principles, when upheld with unwavering dedication, ensure that cooperatives remain faithful to their founding values of being member-centered, democratic, and community-focused. They serve as the guiding stars, illuminating the path for cooperatives worldwide and shaping their operations, policies, and future endeavors. Let's keep these principles in our hearts as we continue this journey, for they are the essence of cooperative success.

## Section 1.4: Navigating the Enchanting World of Cooperatives

### **Unveiling the Diversity of Cooperatives**

The beauty of the cooperative model lies in its chameleon-like adaptability. It's a canvas where cooperation can take countless forms, allowing individuals to unite and pursue common aspirations. In this section, we embark on a journey to explore the captivating spectrum of cooperative types, each with its unique essence and mission.

#### **Question for Reflection:**

What piqued your interest in exploring the varied types of cooperatives, and how do you envision these diverse forms of cooperation impacting your understanding of the cooperative movement?

#### **1. Consumer Cooperatives: Power to the People**

Consumer cooperatives, as the name suggests, are owned by the very people who purchase their goods or use their services. These cooperatives are designed to cater to the needs of their member-consumers, offering quality products or services at reasonable prices.

#### **Question for Consideration:**

How can consumer ownership enhance your cooperative's offerings and create a more satisfying experience for its members?

#### **2. Worker Cooperatives: Employees at the Helm**

Worker cooperatives are a shining example of democracy in action. Every employee is a worker and a co-owner, participating equally in the cooperative's decision-making process.

#### **Question for Self-Reflection:**

How might worker cooperatives influence workplace dynamics and foster a more engaged and empowered workforce?

#### **3. Producer Cooperatives: Strength in Unity**

Producer cooperatives are born when independent producers, like farmers or artisans, join forces to process and market their products collectively. Together, they wield more significant market influence.

#### **Question for Thought:**

How can producer cooperatives help small-scale producers overcome challenges and flourish in today's competitive market?

#### **4. Purchasing Cooperatives: Harnessing Collective Buying Power**

Purchasing cooperatives, often known as buying clubs, are established by businesses to consolidate their purchasing power. This approach enables them to procure goods and services from suppliers at reduced costs.

##### **Question for Consideration:**

How might participating in a purchasing cooperative transform your cooperative's procurement practices and impact its bottom line?

#### **5. Multi-Stakeholder Cooperatives: Harmony in Diversity**

Multi-stakeholder cooperatives weave elements from various cooperative types, engaging different member groups—such as workers, consumers, and producers—in a shared venture.

##### **Question for Discussion:**

In what contexts do multi-stakeholder cooperatives shine the brightest, and how do they ensure a balanced approach that serves the interests of all member groups?

#### **COOPERATIVE SOCIETY**

Types of Co-Operative Society



Cooperatives, with their kaleidoscopic variety and unwavering member-centric ethos, find their place in many sectors. They serve as a conduit for people to unite with a shared purpose, democratizing industries and ensuring mutual benefits. Whether it's consumers seeking superior products, workers championing their rights, or producers striving for fair markets, cooperatives serve as a stage where collective efforts invariably yield shared rewards.

As we continue to unveil the enchanting world of cooperatives, let's keep these diverse forms of cooperation in our hearts, for they are the radiant facets of a movement that champions unity, equality, and shared prosperity.

## **Section 1.5: Embracing the Cooperative Spirit**

### **Illuminating Your Role in the Cooperative Movement**

Welcome to the heart of the cooperative movement, where your journey as a board member or director takes center stage. In this section, we illuminate the path ahead, one brimming with privileges and responsibilities, and underscore your pivotal role in safeguarding the cooperative's essence.

#### **Question to Ponder:**

As you step into this significant role, what resonates with you the most about the cooperative movement's values and principles, and how do you envision incorporating them into your leadership?

### **1. Understanding the Weight of Your Role: Guardians of the Cooperative Vision**

Your board member or director tenure signifies more than just a title—it's a sacred trust. You become the guardian of the cooperative's vision and values, nurturing its growth and ensuring member welfare.

#### **Question for Contemplation:**

How can you infuse your leadership with a sense of purpose, inspiring those around you to champion the cooperative's mission?

### **2. Deep Dive into Cooperative History: Anchoring in the Past for a Brighter Future**

While the present and future beckon, an exploration of the cooperative movement's history provides invaluable insights, it unveils the challenges surmounted, the principles cherished, and the milestones achieved, all of which underpin the cooperative spirit.

#### **Question to Reflect Upon:**

What lessons from the cooperative movement's history resonate with you, and how might they shape your leadership decisions?

### **3. Embracing Continuous Learning: Navigating the Ever-Evolving Landscape**

The cooperative landscape is a dynamic realm, constantly evolving. To steer the cooperative toward success, it's essential to stay informed, adapt to change, and foster an environment of continuous learning.

#### **Question for Self-Assessment:**

How can you ensure that your quest for knowledge and adaptability remains integral to your leadership journey within the cooperative?

#### **4. Advocacy and Representation: Amplifying the Cooperative Voice**

Your position extends beyond the cooperative's borders. It empowers you to advocate for policies that benefit members, forge strategic alliances, and represent the cooperative's interests in various arenas.

##### **Question to Explore:**

What strategies can you employ to advocate for your cooperation and advance its interests on a broader scale?

#### **5. Personal Attributes for Success: The Building Blocks of Effective Leadership**

In your role, specific personal attributes can make a substantial difference. Empathy, integrity, strategic vision, and adaptability enhance your adequate leadership capacity.

##### **Question for Self-Reflection:**

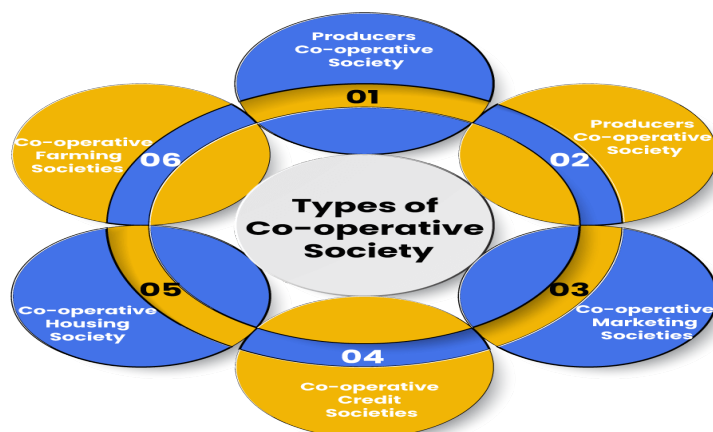
How might you cultivate and refine these attributes to strengthen your cooperative leadership?

As we conclude this section, you stand at the threshold of a transformative journey that blends privilege with responsibility and aspiration with action. By embracing the cooperative ethos, learning from its history, staying agile in an ever-changing landscape, advocating passionately, and nurturing essential personal attributes, you can guide the cooperative toward a future filled with promise and prosperity.

#### **In Conclusion: Chapter 1:**

Embracing the Cooperative Spirit has ushered you into the captivating world of cooperatives, laying the foundation for your leadership journey. The chapters ahead promise to delve deeper into the cooperative movement's multifaceted dimensions, equipping you with the knowledge and insights needed to champion the cooperative's mission and create a lasting impact.

So, with anticipation and determination, let us venture forward, for the cooperative journey holds boundless opportunities and promises to be both fulfilling and impactful.





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## *Chapter 2*

### *Housing Cooperatives*

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## **Chapter 2: Housing Cooperatives**

## CHAPTER 2 THE VIBRANT TAPESTRY OF HOUSING COOPERATIVES

### 2.1 The Historical Landscape of Housing Cooperatives: A Journey Through Time

Cooperative housing, a concept rooted in communal living, has a rich and fascinating history stretching back centuries. To truly appreciate the modern housing cooperative, it's essential to journey through time, understanding its evolution and global spread.

#### **Ancient Beginnings:**

The origins of cooperative living can be traced as far back as ancient Babylon. In this ancient civilization, people shared living spaces and resources, establishing early forms of communal living. This early experiment in cooperation laid the groundwork for the cooperative principles we recognize today.

#### **19th Century Europe:**

As we understand it, the cooperative housing movement began to take shape in late 19th-century Europe. The industrial revolution was in full swing, transforming societies and urban landscapes. Workers and families were flocking to rapidly growing cities for employment and a better life. However, amid this urban expansion, housing conditions often became deplorable.

#### **Pioneers of Change:**

Cooperative housing found its earliest champions among social reformers who recognized the need for alternative housing solutions. These visionaries sought to provide workers and families with affordable housing, emphasizing collective ownership and self-governance.

#### **Crossing the Atlantic:**

The concept of cooperative housing went across the Atlantic to the United States, where it took root in cities like New York, Boston, Chicago, and beyond. Here, housing cooperatives provided a refreshing departure from traditional renting, offering a sense of community, ownership, and shared responsibility.

#### **Resilience in Adversity:**

Housing cooperatives faced challenges as they navigated through tumultuous historical periods. The stock market crash of 1929 and the aftermath of World War II tested the resilience of these communities. Yet, cooperative housing prevailed, adapting and evolving to meet the changing needs of its members.

#### **Expanding Accessibility:**

While cooperative housing began as exclusive "housing clubs" for the affluent, it soon broadened its horizons to serve a more diverse populace. Various models emerged, catering to different income levels and demographic groups. This expansion was a testament to cooperative housing's commitment to affordability and community living.

#### **Modern-Day Significance:**

Cooperative housing continues to flourish despite changing government policies and economic trends. These communities stand as a testament to the enduring importance of affordability, community, and shared values in housing.

### **Question to Stoke Your Curiosity:**

What drew you into the world of housing cooperatives, and how do you see them reshaping how people experience housing?

### **Intriguing Thought:**

How do you believe historical events, such as economic downturns and world wars, influenced the trajectory and development of housing cooperatives?

As we journey through the historical landscape of housing cooperatives, we witness the enduring spirit of cooperation and community that has transcended centuries. The challenges of the past have forged the path for cooperative housing to thrive in the present and future, offering a unique and sustainable approach to living.

## **2.2 Diversity in Cooperative Housing Models: A Kaleidoscope of Choices**

Cooperative housing isn't a one-size-fits-all concept; it's a vibrant tapestry of models designed to cater to diverse needs and preferences. Let's explore the kaleidoscope of housing cooperative models:

### **Market-Rate Cooperatives:**

These operate similarly to conventional real estate dynamics.

### **Limited-Equity Cooperatives:**

They preserve affordability through resale limitations.

### **Leasing Cooperatives:**

These cooperatives oversee shared governance over leased properties.

### **Senior Housing Cooperatives:**

Tailored environments for elderly residents.

### **Manufactured Housing Communities:**

Cooperative governance for mobile homes.

### **Special Needs Housing Cooperatives:**

We are offering support-infused autonomous living.

### **Student Housing Cooperatives:**

Economical lodgings for academic pursuits.

### **Artist Cooperatives:**

We are bridging creativity with affordable living.

### **Mutual Housing Associations:**

Resident-driven housing ventures.

### **Spark of Imagination:**

If you were tasked with creating a brand-new housing cooperative model, what unique features or benefits would you envision it offering its members?

## 2.3 The Heartbeat of Cooperatives: Principles and Values

At the core of housing cooperatives beats a heart imbued with principles and values that transcend mere economics. These principles transform residents into stakeholders and nurture vibrant, connected communities.

### **Question to Reflect Upon:**

How might the principle of democratic control enhance your sense of belonging and influence within a housing cooperative?

### **Distinctive Ownership: A Personal and Emotional Investment**

Housing cooperatives redefine ownership, transforming it into a profound personal and emotional investment in the well-being and sustainability of the community. In these cooperatives, every voice matters, creating a genuine sense of care among members.

### **The Spirit of Cooperation: Equality, Inclusiveness, and Community**

Cooperatives champion equality and inclusiveness through open membership, ensuring everyone can be part of the community. Democratic control reinforces the idea that every member, regardless of their economic contribution, plays a vital role in decision-making. With capped returns, cooperatives prioritize community needs over profit.

### **Characteristics that Define: Adaptable, Resilient, and Balanced**

Cooperatives possess unique traits that shape their identity. Shared responsibilities and collective problem-solving are hallmarks of their corporate ownership. Balancing social and business goals ensures cooperatives provide quality housing while fostering a sense of belonging among members.

### **Constructing Success: Economic, Empowering, and Cohesive**

Cooperatives offer a tapestry of benefits, from economical housing solutions to increased mortgage access. These communities cultivate tight-knit bonds, fostering mutual respect and shared aspirations. Cooperatives weave every individual into the broader community narrative by empowering residents through decision-making.

With each turn of the page, the world of housing cooperatives unfolds, revealing a vibrant tapestry of history, diversity, and values. As you journey further into this chapter, envision how these communities might shape your housing and community living perspective. The adventure is just beginning!



## 2.4 Limited Equity Cooperatives: Where Dreams Meet Affordability

Limited equity cooperatives represent a unique fusion of homeownership aspirations and affordability goals. These cooperative models stand at the intersection of individual dreams and collective needs, ensuring that the dual objectives of security and accessibility are met.

### **The Conceptual Backbone:**

A profound idea lies at the core of limited equity cooperatives: homeownership should be attainable for many without pricing future generations out of the market. By imposing restrictions on equity appreciation, these cooperatives ensure long-term affordability, ensuring that homes remain within financial reach.

#### **Question to Reflect Upon:**

What fundamental idea drives limited equity cooperatives, and why is it essential for balancing homeownership aspirations and affordability?

### **Fundamental Approaches to Equity Limitation:**

**Direct Equity Limitation:** This approach places an upfront restriction on the potential growth of a member's equity. It can take various forms, such as an absolute dollar amount, periodic adjustments tied to standard indices like inflation rates, or a set percentage over the initial purchase price.

#### **Question to Reflect Upon:**

Can you explain the critical approaches to equity limitation in limited equity cooperatives and how they affect members' financial gains?

### **Income-based Restrictions:**

In some cases, potential members must meet specific income criteria to qualify. This dual approach, limiting income and resale price, ensures accessibility but might limit financial gains for long-term investors.

#### **Question to Reflect Upon:**

What are the primary benefits of limited equity cooperatives, and what challenges do they face regarding financing and investment incentives? How do they redefine traditional homeownership?

### **Benefits and Challenges:**

Limited equity cooperatives offer numerous advantages, including enhanced accessibility, stability, and affordability. However, they also face challenges related to financing and the potential dampening of investment incentives. They redefine the notion of homeownership, emphasizing community stability and long-term affordability over individual gain.

## **2.5 Advantages of Cooperative Living: Nurturing Communities, Fostering Security**

Housing cooperatives embody a rich tapestry of shared values, mutual assistance, and a profound sense of community and security. They go beyond just living spaces, offering opportunities for social engagement, financial prudence, and collective responsibility. Let's explore the multifaceted benefits of cooperative living as a vibrant and sustainable choice.

### **In-Depth Overview of Key Benefits:**

#### **1. Economic Viability:**

Cooperative living emphasizes cost-efficiency, often resulting in considerably lower living expenses than open-market rentals. Members can avoid landlord profit margins and benefit from tax incentives.

#### **Question to Reflect Upon:**

What economic advantages does cooperative living offer, and how do these benefits extend beyond financial savings? How does ownership pride contribute to community well-being?

#### **2. Ownership Pride:**

Members develop a vested interest in their community, leading to well-maintained properties and enhanced security.

#### **3. Influence and Autonomy:**

Cooperative members have a direct say in community governance, fostering personal development opportunities and strong bonds among residents.

### **Cooperative vs. Rental Comparison:**

Cooperative living offers notable financial benefits, with lower monthly costs and the opportunity for equity accumulation. It also cultivates a sense of security and community, setting it apart from traditional rental housing.

#### **Question to Reflect Upon:**

What financial and community-related distinctions become evident when comparing cooperative living to traditional rental housing? How does cooperative living foster a sense of security and shared responsibility?

As we journey through housing cooperatives, we're reminded that these communities are not just about homes but about fostering an ethos of shared values, collaboration, and a profound sense of belonging. Whether you're considering joining a cooperative, currently residing in one, or simply seeking to understand this vibrant housing model, this chapter invites you to explore the rich tapestry that is cooperative living—a dynamic and promising alternative in the world of housing.

### **Conclusion:**

In this chapter, we've explored the diverse landscape of housing cooperatives, from their historical roots to the modern models that cater to a wide range of needs. Limited equity cooperatives stand as a testament to balancing homeownership dreams with affordability goals. In contrast, the advantages of cooperative living underscore the economic viability, ownership pride, and community bonds that make it a compelling choice.

#### **Question to Reflect Upon:**

Overall Reflection: After exploring the various aspects of housing cooperatives in this chapter, what key takeaways have you gained regarding their significance and unique qualities in the housing landscape?



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## *Chapter 3*

### *Cooperative Documents*

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## **Chapter 3**

### **Cooperative Documents**

## CHAPTER 3: COOPERATIVE DOCUMENTS: THE FOUNDATION OF COOPERATIVE GOVERNANCE

### Guiding Documents



### Section 3.1: Cooperative Governing Documents - A Roadmap to Harmony

Cooperatives are unique entities operating within a democratic framework, guided by a robust set of governing documents that shape their foundational structure. These documents are not just bureaucratic paperwork but the lifeblood of cooperative operations. They facilitate the intricate dance of cooperation between members, board directors, and external stakeholders. While it may not be necessary for every member to memorize these documents word for word, cultivating a fundamental understanding is essential for navigating the complex web of cooperative activities smoothly.

#### **Importance of Governing Documents**

Cooperative governing documents are the bedrock upon which these organizations are built, and their significance cannot be overstated:

##### **Authority and Regulation:**

These documents empower the board to oversee and control cooperative activities. They provide a clear legal framework, ensuring the cooperative functions efficiently and adheres to legal requirements.

##### **Guidance and Safeguarding:**

Governing documents serve as guiding lights, safeguarding the interests of the board, members, and staff. They establish a system of rights and responsibilities, fostering an environment of fairness and adherence to regulations.

### **Legal Compliance:**

In a broader sense, these documents ensure compliance with various legal mandates at local, state, and federal levels. This helps cooperatives steer clear of legal conflicts.

### **Structural and Decision-making Framework:**

Beyond the legal aspects, governing documents create a blueprint for the board's functioning and decision-making processes. They define member entitlements and promote transparent, efficient operations, fostering a positive community experience.

### **Understanding the Legal Framework**

A deep understanding of cooperative by-laws and agreements is crucial in the ever-evolving world of cooperative operations. A comprehensive grasp of these documents is more than a mere prerequisite; it is the cornerstone for adeptly navigating complex legal boundaries. While these documents may contain legal jargon, they offer a clear insight into board rights and member entitlements. Nonetheless, due to their complexity, consulting a seasoned cooperative attorney can be invaluable for bridging gaps in understanding and interpretation.

### **Document Cornerstones**

At the core of a cooperative's legal infrastructure lie two primary documents: the Articles of Incorporation and the Bylaws. These documents are the primary contractual agreements anchoring the cooperative's structure and operations.

### **Articles of Incorporation are foundational legal documents.**

They establish the cooperative's identity by specifying its name and projected duration of operation. Furthermore, they outline the central purpose and objectives of the cooperative, the composition and election of the board of directors, and the cooperative's powers, rights, and responsibilities. These documents bridge the cooperative and the state's legal framework, securing its legal stature and integrity.

### **Bylaws complement the Articles of Incorporation.**

They are functioning as a dynamic rulebook governing internal operations. They detail member rights and obligations, exhibit an adaptive nature to accommodate evolving cooperative needs, define the governance structure, and serve as a repository of unified operations' policies. Bylaws are the cooperative's operating manual, ensuring smooth, structured operations and promoting transparency and trust among members.

In mastering these governing documents, board directors equip themselves with the tools necessary to build a resilient and harmonious cooperative, safeguarding its values and fostering the common welfare of its members.

### **Question to Reflect Upon:**

1. Why are governing documents essential for the effective operation of a cooperative?
2. How do governing documents help establish accountability within a cooperative?
3. Can you provide examples of how governing documents empower the board of directors in a cooperative?
4. What is the significance of governing documents in ensuring legal compliance for cooperatives?
5. How can a comprehensive understanding of governing documents benefit cooperative members and the community?

## **Section 3.2: Documents Establishing the Operation of the Corporation**

The sustainable operation of a cooperative relies on a dynamic array of foundational documents that dictate its modus operandi. These documents are not just pieces of paper but essential tools guiding every facet of the cooperative's structure and operations. In this section, we delve into the two primary documents that are pivotal in establishing and sustaining the corporation's operation: the Articles of Incorporation and the Bylaws.

### **Articles of Incorporation**

The Articles of Incorporation are paramount legal documents, carving out the structural foundation and delineating the governing parameters of the cooperative. They play a monumental role in defining the cooperative's identity and operational blueprint. Let's explore the nuances of this document:

#### **Identification Details:**

The document begins by specifying fundamental identification details of the cooperative, including its name and the projected duration of its operation. This section forms the primary identity of the cooperative within the state's legal purview.

#### **Core Purpose and Objectives:**

It establishes the central purpose and objectives of the cooperative, whether it aims to provide housing facilities, agricultural support, or other services. This section articulates the primary goals steering the cooperative's operational direction.

#### **Board of Directors:**

The Articles detail the board of directors' composition and outline mechanisms for their annual elections. This segment provides a blueprint for how the board functions and integrates with the cooperative's broader objectives. It includes criteria for selecting board members, their tenure, and the board's structure, creating a solid foundation for democratic governance.

#### **Legal Linkage:**

Acting as a linchpin between the cooperative and the state's legal framework, this document outlines the cooperative's powers, rights, and responsibilities. It fosters a symbiotic relationship with the state, ensuring the cooperative operates within the law, securing its legal stature and integrity.

## **Bylaws**

Complementing the Articles of Incorporation, Bylaws stands as a vibrant rulebook that dictates the intricacies of the cooperative's internal operations. Here, we unravel the vital components of this living document:

### **Member Rights and Obligations:**

At the Bylaws' core are members' defined rights and obligations. This section forms the cornerstone of the cooperative, fostering a community where members are aware of their privileges and responsibilities, paving the path for a harmonious living environment.

### **Adaptive Nature:**

Unlike rigid legal documents, Bylaws are characterized by their adaptive nature, capable of morphing to accommodate the cooperative's evolving needs. However, changes should remain infrequent to preserve the stability and integrity of the governance structure. This dynamic yet stable nature ensures the cooperative can adapt to changing circumstances without losing its foundational essence.

### **Governance Structure:**

The Bylaws intricately outline the governance structure, illustrating the processes of decision-making, conflict resolution, and amendment procedures. This section acts as a comprehensive guide, enabling smooth and structured operations within the cooperative, fostering transparency, and nurturing trust among members.

### **Policy Framework:**

Apart from operational aspects, the Bylaws serve as a repository of various policies that govern the cooperative. From financial regulations to membership criteria, this document offers a panoramic view of the policy framework that underpins the cooperative's daily operations.

### **Question to Reflect Upon:**

1. What roles do Articles of Incorporation play in defining a cooperative's identity and structure?
2. How do Bylaws complement the Articles of Incorporation in shaping cooperative operations?
3. Can you explain how Bylaws balance stability and adaptability within a cooperative?
4. In what ways do these foundational documents foster transparency and trust among cooperative members?
5. Why is it crucial for board directors to master these governing documents?

With their well-articulated guidelines and frameworks, these primary documents anchor the cooperative, facilitating balanced and structured operations. Through meticulous crafting and adherence to these documents, the cooperative can aspire to build a resilient and harmonious community, safeguarding its values and promoting the common welfare of its members.

### Section 3.3: Documents Establishing Relationship Between the Cooperative and Members

The cooperative-member relationship is sculpted and maintained through well-articulated legal documents, fostering a structured approach to cooperative living. This section delves into the various documents governing this relationship, including the Subscription Agreement, Occupancy Agreement, and Proprietary Lease, along with a suite of additional papers that supplement them. Each plays a critical role in delineating the mutual rights, responsibilities, and expectations that frame the cooperative living experience.

#### **Subscription Agreement**

The Subscription Agreement often marks the inception of a member's journey in a cooperative. This document is used for new cooperatives being built. It shows interest in living in the cooperative. This document is a testament to the prospective member's commitment to the cooperative's ethos and functioning. Here, we unpack the various components of this agreement:

##### **Membership Commitment:**

It symbolizes the prospective member's pledge to adhere to the cooperative's principles, rules, and regulations, showcasing their commitment to being an active, responsible community member.

##### **Roles and Responsibilities:**

This agreement meticulously outlines the roles and responsibilities of a member. It ensures that new members are well-versed in what is expected, fostering a community where duties are clearly defined and understood.

##### **Cooperative's Rights:**

It further highlights the cooperative's rights in the relationship, setting the stage for a balanced relationship where both parties know their entitlements and obligations.

##### **Integration into the Community:**

The Subscription Agreement facilitates a smooth integration into the community, ensuring prospective members align with the cooperative's goals and values before officially joining the community.

#### **Occupancy Agreement and Proprietary Lease**

The Occupancy Agreement and the Proprietary Lease delineate a significant segment of the cooperative-member relationship. These documents foster a mutually beneficial relationship between the cooperative and its members. Critical components of these documents include:

##### **Mutual Rights and Obligations:**

These documents serve as the cornerstone in establishing both parties' mutual rights and obligations. They encompass various topics, including member responsibilities, cooperative duties, and the protocols governing various scenarios, promoting a symbiotic relationship.

##### **Protocols and Scenarios:**

They stipulate detailed protocols for different scenarios that might arise during the membership tenure, offering guidelines for addressing issues and fostering a harmonious living environment.

##### **Cooperative Duties:**

Detailed within are the cooperative's duties towards its members, highlighting the support and services the cooperative must provide and fostering a nurturing and supportive community.

## **Additional Documents**

In addition to the core agreements, a reservoir of supplementary documents adds layers of structure and clarity to cooperative living. These encompass:

### **Guidelines and Policies:**

These additional documents encapsulate various guidelines and policies governing different facets of cooperative living. These documents provide a comprehensive roadmap for navigating the cooperative lifestyle, from maintenance protocols to conflict resolution mechanisms.

### **Clear Definition of Roles and Expectations:**

These documents are pivotal in fostering a community where roles, responsibilities, and expectations are delineated. This promotes a cohesive and harmonious community where members align their goals and values.

### **Community Building:**

Often, these documents contain guidelines and suggestions for community building and fostering a spirit of cooperation and unity among members. This includes details on community meetings, decision-making processes, and methods to encourage active participation from all members.

This intricate network of documents works synergistically to craft a robust and harmonious relationship between the cooperative and its members. Through a detailed articulation of rights, responsibilities, and expectations, these documents forge a community where members can thrive in a supportive and structured environment.



**MEMBERSHIP  
BENEFITS  
ARE **FREE** TO  
ALL SUBSCRIBERS**

### **Question to Reflect Upon:**

1. How does the Subscription Agreement signify a member's commitment to a cooperative community?
2. What are the benefits of clearly defining roles and responsibilities in the Subscription Agreement?
3. How do Occupancy Agreements and Proprietary Leases contribute to a mutually beneficial relationship between a cooperative and its members?
4. Can you provide examples of scenarios covered in these agreements and how they promote a harmonious living environment?
5. What supplementary documents are typically used to enhance cooperative living, and how do they contribute to community cohesion?

### **Section 3.4: Documents Establishing Relationship Between the Cooperative and External Agencies**

In the world of housing cooperatives, the smooth operation of these democratic entities relies heavily on a set of meticulously crafted documents. These documents serve as guiding lights, illuminating the path toward a structured, compliant, mutually beneficial cooperative environment. This chapter peels back the layers of these essential documents, shedding light on their roles, intricacies, and profound impact on cooperative living.

#### **Navigating Financial Waters with the Mortgage Agreement**

**The Mortgage Agreement** is a financial blueprint governing the cooperative's interactions with lending institutions. Its pages outline critical aspects such as financial commitments, repayment structures, interest rates, and the collateral securing the loan. It's not just a legal contract; it's a tool for mitigating financial risks and fostering trust between the cooperative and its lenders. So, when members and directors sign this agreement, they're not just entering into a financial arrangement but forging a partnership grounded in financial prudence.

Imagine this document as a bridge connecting the cooperative's financial stability with external lenders. It ensures that both parties are on the same page regarding loan terms and responsibilities. Each clause in this agreement safeguards the cooperative's financial health, preventing unexpected financial pitfalls and maintaining the cooperative's ability to thrive.

## **Regulatory Compliance and the Regulatory Agreement**

Cooperatives operate within a complex web of regulations, and the **Regulatory Agreement** is their compass. This document provides a robust framework for compliance, ensuring that the cooperative adheres to legal and ethical standards. It facilitates transparent interactions with regulatory agencies and outlines conflict resolution mechanisms, fostering cooperation that operates within the bounds of the law and in harmony with external regulatory bodies.

Think of the **Regulatory Agreement** as a protective shield. It ensures that the cooperative follows the rules and guides it through the maze of regulations. It's a testament to the cooperative's commitment to ethical and lawful conduct, reassuring members and external agencies.

## **Managing the Cooperative with Precision –**

### **The Management Agreement and Plan**

Efficient cooperative management hinges on the **Management Agreement and Plan**. These documents delineate the responsibilities of management firms, providing a roadmap for cohesive operations. They define roles, responsibilities, and performance metrics, ensuring a well-structured management process. With these agreements in place, the cooperative can march forward with a shared vision, confident in its ability to translate goals into reality.

These agreements are the architects of a cooperative's daily operations. They clarify who does what, when, and how. Think of them as the guiding stars that keep the cooperative's management on course. They embody the cooperative's expectations for effective and responsible management, ensuring that day-to-day tasks align with long-term objectives.



### **Question to Reflect Upon:**

1. What is the primary purpose of the Mortgage Agreement in a cooperative, and why is it crucial?
2. How does the Mortgage Agreement help mitigate financial risks for the cooperative?
3. What role does the Regulatory Agreement play in maintaining a cooperative's compliance with legal and ethical standards?
4. Explain the significance of having precise conflict resolution mechanisms in the Regulatory Agreement.
5. In what ways does the Management Agreement and Plan contribute to efficient cooperative management?

## Section 3.5: Documents Regulating Cooperative and Directors

### **Charting a Vision with the Strategic Plan**

**The Strategic Plan** isn't just a document; it's the cooperative's roadmap for the future. It encompasses the mission statement, tactical blueprints, and resource allocations, vividly depicting where the cooperative aims to go. It aligns ambitions with resources, providing a cohesive path towards a shared vision. When directors and members immerse themselves in this plan, they're not just reading words but embracing a journey towards a better cooperative future.

Think of the **Strategic Plan** as a compass for the cooperative's leadership. It points the way forward, ensuring every decision and action aligns with the cooperative's goals. This plan is not static; it's a living document that evolves as cooperation grows, adapts to challenges, and reaches for new horizons.

### **Guiding Governance -**

The Board Policy and Procedures Manual

For the cooperative, **governance** is not an abstract concept but a well-defined process, and the Board Policy and Procedures Manual is its handbook. This comprehensive guide outlines policies, operational procedures, and annual decision exclusions. It's the compass that directors use to steer the ship of governance in a structured, legal, and ethical direction. With this manual in hand, the cooperative can navigate the complexities of **governance** with care and precision.

Imagine this manual as a toolkit for directors. It equips them with the knowledge and procedures to make informed decisions, resolve conflicts, and ensure the cooperative's smooth operation. Every page of this manual contributes to the cooperative's well-being, from financial policies to **governance** processes.

### **Balancing the Books - The Annual Budget**

The **Annual Budget** isn't just about numbers; it's the financial roadmap for the cooperative's year ahead. It forecasts revenue and expenditure and undergoes rigorous board review and approval. It ensures fiscal responsibility and aligns economic activities with cooperative objectives. Directors, treasurers, and staff use this document to balance the books and shape a financially sound and prosperous future.

Think of the **Annual Budget** as the cooperative's financial compass. It guides financial decisions, ensuring that resources are allocated wisely and financial goals are met. It's a dynamic document that adapts to changing circumstances, ensuring the cooperative's financial stability while aiming for growth and improvement.

### **Defining Roles and Boundaries - Committee Charters and Job Descriptions**

**Committee Charters** and Job Descriptions are the building blocks of cooperative roles and responsibilities. Charters outline committee objectives and responsibilities, while job descriptions provide clarity for directors, **committee** members, and staff. These documents promote structured operations, clear boundaries, and ensure everyone knows their place in the cooperative's ecosystem.

Consider these documents as the cooperative's organizational scaffolding. They define individuals' roles in various **committees** and the broader cooperative structure. They are the blueprints for cooperative teamwork, ensuring everyone understands their responsibilities and how they contribute to the cooperative's success.

### **The Heart of the Cooperative - The Mission Statement**

The **Mission Statement** isn't just a collection of words; it's the heartbeat of the cooperative. It secures tax-exempt status, guides decisions, and provides direction to directors, staff, and members. It's a commitment to cooperative values and a driving force behind every action and decision. Directors and members don't just read the **Mission Statement**; they embrace it as the core ethos of their cooperative journey.

Think of the **Mission Statement** as the cooperative's North Star. The unwavering guide keeps the cooperation true to its values and purpose. Every word in this statement reflects the cooperative's identity and commitment to its members and the community.

### **Question to Reflect Upon:**

1. Why is the Strategic Plan considered the cooperative's roadmap for the future, and what components does it include?
2. How does the Board Policy and Procedures Manual contribute to effective governance within a cooperative?
3. What role does the Annual Budget play in shaping the financial direction of the cooperative for the year ahead?
4. How do Committee Charters and Job Descriptions help define roles and responsibilities within a cooperative?
5. Why is the Mission Statement often described as the "heartbeat" of a cooperative, and how does it guide decision-making?

### **Conclusion:**

As we conclude this chapter, we invite you to look beyond the pages of these documents. They are not mere paperwork; they are the lifeblood of cooperative governance. They foster structure, transparency, and alignment, ensuring cooperatives thrive as vibrant, democratic, and ethical communities. So, embrace these documents as more than ink on paper. They are the instruments of cooperative empowerment, guiding us toward a future of equitable, sustainable, and harmonious cooperative living.

# Every Board's MUST-HAVE DOCUMENTS

Even the most organized, responsible, and amiable board needs to document its activities, internal rules, and processes. Some of the documentation is legally required while some is simply helpful to have. Some documents should be available to the public while others must be kept confidential. Some serve as guidelines for decision making while others are part of the record keeping. For a board that takes its fiduciary role seriously, written rules simply are part of necessary risk management.

Here are the various documents to which your board needs to pay attention.

## DOCUMENTS THAT SERVE AS GUIDES FOR BOARD ACTION:





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## *Chapter 4*

### *Cooperative Structure*

---

## **Chapter 4**

### **Cooperative Structure**

## COOPERATIVE STRUCTURE

### 4.1 Introduction: Understanding Housing Cooperative Structure

This chapter embarks on an intriguing journey into the intricate world of cooperative structure and the central role of the board in steering its governance. It's a voyage through the responsibilities, qualifications, and unwavering commitment expected of board members, shedding light on the essence of effective leadership within cooperatives.

### 4.2 Responsibilities of Directors: Navigating the Cooperative Landscape

#### **Establishment of the Cooperative:**

Cooperatives, deeply rooted in state laws as not-for-profit entities, rely on a dedicated board of directors to uphold the organization's bylaws and policies. This section highlights the legal foundation and essential documents that shape cooperative operations, laying the groundwork for what follows.

#### **Authority of the Board:**

Within this democratic structure, each board member carries a collective moral and legal responsibility toward every facet of cooperative endeavors. The board's authority takes shape when its members convene, exemplifying the collaborative decision-making process inherent in this governing body.

#### **The commitment of Directors:**

Serving as a board member is a distinct commitment, a pledge to champion the cooperative's mission through active participation in meetings, thorough preparation, committee engagement, and unwavering representation of the board's unified perspectives. It's a dedication to the cooperative's values and objectives.

#### **Rights of Directors:**

Board members enjoy specific rights within the cooperative's structure, fostering transparency and equitable governance. These include their entitlement to meeting and agenda notifications, scrutiny of meeting minutes, active participation in discussions, access to financial records, and the privilege of adding agenda items.

#### **Directors' Duty Not to Compete:**

This chapter highlights the board's ethical obligation to refrain from leveraging their position for personal business competition. Confidentiality and ethical conduct underscore their commitment to the cooperative's integrity.

#### **Solicitation and Gifts:**

Board members are entrusted with safeguarding the cooperative's best interests. This section delves into their responsibility to neither offer nor accept bribes, kickbacks, or personal favors from entities engaged with the cooperative, fortifying the organization's ethical standing.

#### **Relevance:**

The cooperative's perceived value is pivotal in shaping its identity. This section advocates positioning the organization as a dynamic educational entity rather than an exclusive club, accentuating the importance of delivering exceptional customer service.

### **Committees as Assets:**

Committees emerge as potent instruments for progress. They catalyze revenue generation, program development, and innovative projects. Emphasizing engagement and information exchange, committees also cultivate future leaders, ensuring the cooperative's long-term vitality.

### **Question to Reflect Upon:**

1. What are some of the fundamental responsibilities of board members in a cooperative?
2. Why is active meeting participation considered a crucial commitment for board members?
3. How can board members uphold the cooperative's mission and values effectively?
4. What specific rights do directors have within the cooperative's structure?
5. How does the commitment of directors influence the cooperative's success?
6. Why do board members need to refrain from leveraging their positions for personal business competition?



## **4.3 Legal Obligations of Directors: Ethical Governance**

### **Directors' Conflicts of Interest:**

This section underscores prioritizing the cooperative's interests over personal gains. It delves into the necessity of transparent disclosure and the obligation to abstain from relevant decisions to maintain the cooperative's ethical standing.

### **Legal Duties of Directors:**

Board members shoulder immense responsibility and accountability for the cooperative's actions. They are bound by prudent, faithful governance by legal obligations, upholding higher nonprofit management standards.

**Fiduciary Status of Directors:**

As fiduciaries, board members hold the cooperative's best interests in trust. This section delves into the legal implications of this role, elucidating potential consequences for breaching fiduciary duties and the availability of liability insurance as a safeguard.

**Maintaining Ethical Credibility:**

The board's conduct plays a pivotal role in shaping public perceptions. Active participation, conflict avoidance, informed voting, policy adherence, and legal compliance bolster the cooperative's credibility. This section also emphasizes the discouragement of political contributions on behalf of the cooperative.

**Directors' Confidentiality:**

Confidential information acquired during board service must remain undisclosed, underscoring the confidentiality's significance in safeguarding the cooperative's affairs.

**Meeting Attendance:**

Board members are crucial for the continuity of governance. Prior notice of absence ensures informed decision-making by the board.

**Directors' Compensation:**

This reinforces the voluntary nature of board service, clarifying that members receive no financial compensation for their roles.

**Directors' Travel:**

Travel must align with the cooperative's policy, emphasizing responsible travel arrangements and discouraging arbitrary cancellations.

**Reimbursement of Expenses:**

Board members can seek reimbursement for authorized expenses, highlighting the transparent accountability involved in this process.

**Managing Conflicts of Interest:**

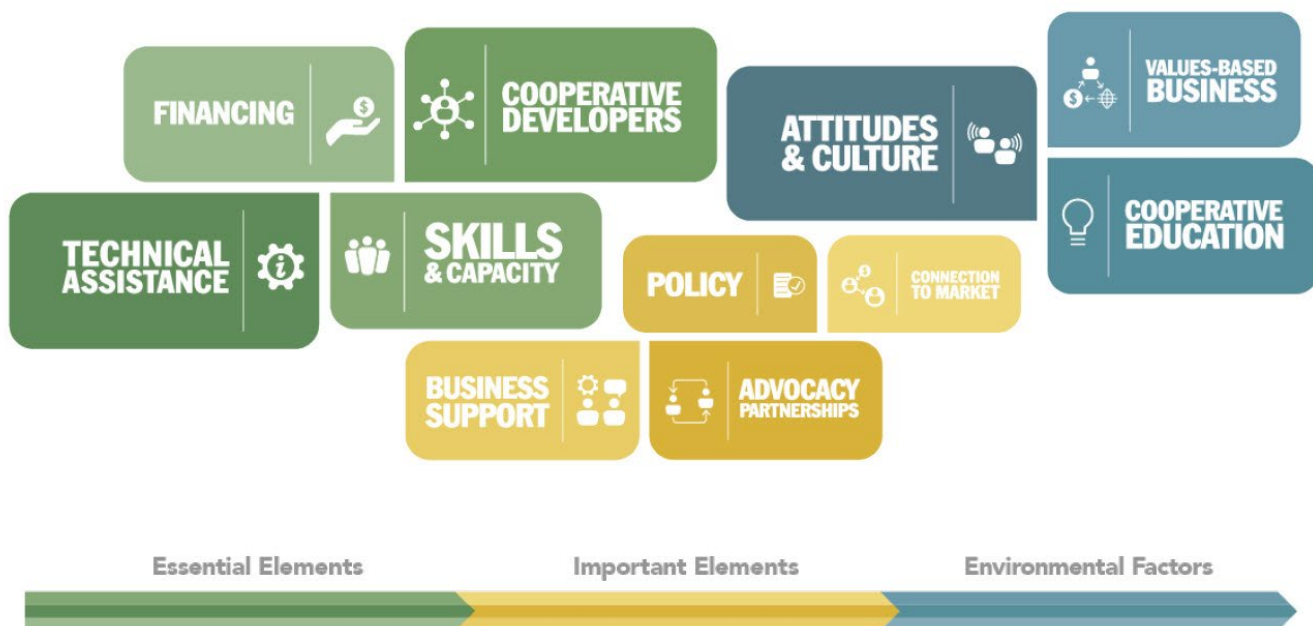
Vigilance is required to prevent conflicts of interest stemming from favor exchange. The section emphasizes monitoring and disclosure while discouraging proxies or vote-swapping for personal projects.

**Directors' Legal Counsel:**

Specific board members or their designees can contact legal counsel, provided it is authorized. Unauthorized contact can incur potential costs, highlighting the process of engaging legal representation.

**Question to Reflect Upon:**

1. What key legal obligations must directors adhere to in a cooperative?
2. How does maintaining ethical credibility contribute to the cooperative's reputation?
3. What does it mean for directors to be fiduciaries, and what responsibilities come with this role?
4. What steps should board members take to manage conflicts of interest effectively?
5. Why is directors' confidentiality essential in cooperative governance?
6. How does transparency in meeting attendance benefit cooperative decision-making?



#### 4.4 Authority of Directors: Governance Dynamics

##### **Collective Authority:**

The board exercises authority through collective deliberations. To ensure coherent decision-making, individual actions align with board resolutions, notable mandates, or delegated tasks.

##### **Directors' Orientation and Development:**

Continuous growth for board members is pivotal. This section stresses comprehensive orientation, budget allocation for development, access to resources, training, and conferences, all contributing to enhanced governance skills.

##### **Maintenance of Organizational Documents:**

Critical documents must be securely stored in electronic and hard copy formats, underscoring the need for off-site safekeeping to ensure document preservation.

##### **Performance:**

Performance is intrinsically linked to competency and accountability. This section emphasizes the importance of productive staff and volunteers to drive progress rather than accepting minimal effort.

##### **Organizational DNA Below the Surface:**

Unseen beneath the surface lies the organization's DNA, influencing its essence. Addressing this hidden aspect is crucial for holistic growth and operational efficiency.

##### **Perception:**

The board's image shapes its relationships. To foster positive member relationships, the chapter suggests measures to shift perceptions and ensure alignment with strategic goals.

##### **Sustainability:**

Diverse revenue sources determine an organization's sustainability. This section advocates for exploring new income streams to mitigate risks posed by relying on limited sources.

**Crafting an Elevator Speech:**

An impactful elevator speech concisely encapsulates the cooperative's mission, membership, strengths, and essence, leaving a lasting impression.

**Question to Reflect Upon:**

1. In your own words, summarize the key takeaways from Chapter 4 regarding cooperative structure and governance principles.
2. How has Chapter 4 deepened your understanding of the roles and responsibilities of board members in a cooperative?
3. What aspects of cooperative governance discussed in this chapter are most intriguing or valuable for your cooperative's success?
4. How will you apply the knowledge gained from this chapter to enhance the governance and operation of your cooperative?

**In conclusion,** Chapter 4 has provided a comprehensive exploration of cooperative structure and governance. We've learned about the board of directors' crucial role, responsibilities, legal obligations, and authority within cooperatives. By understanding these essential aspects, cooperatives can strive for effective leadership, transparency, and ethical governance, ensuring they fulfill their mission and serve their members faithfully.



## **Chapter 5**

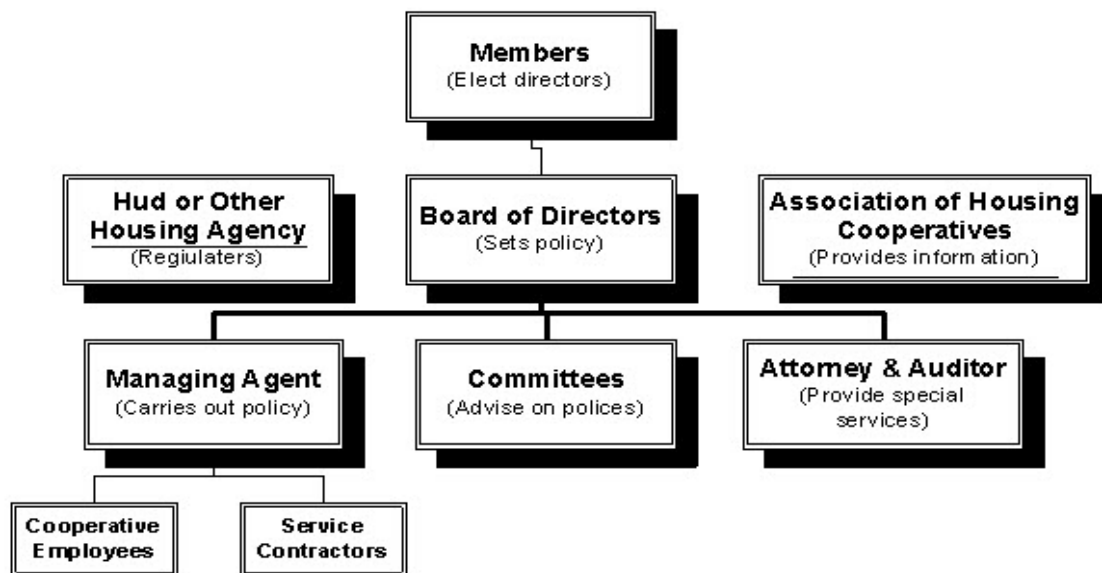
### **Board of Directors**

## BOARD OF DIRECTORS

### 5.1 Directors Overview:

This chapter delves into the pivotal role of the Board of Directors as the governing body overseeing a Cooperative's strategic direction and operations. It emphasizes the board's significance in making decisions that drive effective functioning, uphold the organization's mission, and align with overarching goals and values.

#### Organization of a Housing Cooperative



The diagram reveals the central importance of the board of directors in the organization of a housing cooperative. Responsibility for every phase of co-op operations is vested in the board. This is not to say that the directors must personally collect the members' monthly payments, pay the co-op's bills, screen applicants, or keep the lawn mower and the snow shoveled. Most boards delegate such duties to others--professional managers, committee members, and co-op employees. But the responsibility for ensuring these jobs are performed satisfactorily rests squarely with the board. The strength of the co-op depends to a great extent upon the board's performance.

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**THE INDIVIDUAL DIRECTOR HAS NO AUTHORITY OUTSIDE OF THE BOARD MEETING EXCEPT THAT IS GRANTED IN THE BY-LAWS OR IS DELEGATED BY THE BOARD AS A WHOLE. ATTEMPTS TO PUSH INDIVIDUAL AUTHORITY BEYOND THESE BOUNDS ARE BOTH ILLEGAL AND A VIOLATION OF THE ETHICS OF THE COOPERATIVE MOVEMENT.**

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## 5.2 •Directors Responsibilities

Directors play a pivotal role in the cooperative's success by shouldering various responsibilities. Let's explore these responsibilities in detail:

### **Ethical Responsibilities**

Directors are entrusted with upholding the cooperative's ethical values. This includes:

1. **Uphold Integrity and Trust:**  
Directors must be role models for ethical conduct, promoting transparency and honesty in all interactions.
2. **Community Building and Engagement:**  
Directors should actively engage with the cooperative community, organizing events, programs, and initiatives that foster unity and collaboration.
3. **Sustainability Advocacy:**  
Advocating for sustainable practices that align with the cooperative's long-term goals and societal benefits is crucial.

### **Duty of Care**

Directors owe a duty of care to the cooperative. This involves:

1. **Proactive Engagement:**  
Actively participating in board meetings ensures informed decisions through careful deliberation and discussion.
2. **Knowledge Enhancement:**  
Continuous learning about the cooperative's operations, market trends, and potential opportunities and threats is vital.
3. **Risk Management:**  
Proactively identifying potential issues and collaborating to mitigate them is essential for safeguarding the cooperative's interests.

### **Duty of Obedience**

Directors must ensure compliance with the organization's governing documents:

1. **Policy Adherence:**  
Strict adherence to the policies and procedures outlined in the organization's governing documents is non-negotiable.
2. **Legal & Regulatory**  
Compliance: Directors oversee compliance with relevant state and federal laws. How can directors ensure the cooperative's legal and regulatory compliance?

# COOPERATIVE

- Owned, managed, and controlled by members
- A way to provide "service at cost" to groups of individuals and/or firms
- Members/owners/patrons provide capital and oversight control
- One member, one vote
- Objective: Provide services with members getting back part of the profit from their own purchases
- Examples: Farmer cooperative, worker cooperative, vendor cooperative



Source: The ICA Group

## Question to Reflect Upon:

1. How can directors actively foster a culture of integrity within the cooperative?
2. Can you provide examples of community-building initiatives that directors can lead?
3. What specific sustainability initiatives can directors champion in a cooperative context?
4. How can directors encourage productive discussions and decision-making in board meetings?
5. What strategies can directors employ to stay updated and well-informed?
6. Can you provide examples of potential risks that directors should be vigilant about and how to address them?
7. How can directors ensure that policies are consistently followed?
8. How can directors ensure the cooperative's legal and regulatory compliance?

### 5.3 •Qualities of a Good Director

Successful directors possess specific qualities and competencies:

1. **Adaptive Leadership:**  
Adaptive leaders can navigate changing circumstances, fostering innovation and growth.
2. **Strategic Vision:**  
A strategic vision guides the cooperative's activities toward achieving its mission and objectives. How can directors develop and communicate a clear strategic vision?
3. **Conflict Resolution Skills:**  
Adept conflict resolution skills foster a harmonious and productive board environment.
4. **Cultural Sensitivity:**  
Showcase cultural sensitivity and inclusivity, promoting diversity and equal opportunities within the cooperative.
5. **Financial Acumen:**  
Exhibit financial understanding, ensuring the cooperative's financial health and sustainability.



#### **Question to Reflect Upon:**

1. Can you provide examples of how adaptive leadership has benefited cooperatives?
2. How can directors develop and communicate a clear strategic vision?
3. Can you share best practices for resolving conflicts among directors and within the cooperative community?

### 5.4 •Director's Role

The role of a director is multifaceted:

1. **Leadership and Mentorship:**  
Directors provide leadership and mentorship, nurturing the next generation of cooperative leaders.
2. **Resource Mobilization:**  
Engaging in resource mobilization is crucial.
3. **Stakeholder Engagement:**  
Directors should foster positive relations with stakeholders.

4. **Technology Adaptation:**

Technology adoption can enhance efficiency and innovation. Can you provide examples of how technology has transformed cooperative operations?

**Question to Reflect Upon:**

1. What mentorship strategies can directors employ?
2. How can directors identify and secure resources necessary for the cooperative's growth and development?
3. How can directors engage and collaborate effectively with diverse stakeholders?
4. Can you provide examples of how technology has transformed cooperative operations?

## 5.5 •Legal Responsibilities of a Director

**Documentation & Record Keeping:**

Meticulous records of board decisions and activities ensure transparency and accountability.

**Data Protection:**

Upholding strict data protection standards safeguards member information.

**Fraud Prevention:**

Implementing measures to prevent fraudulent activities and uphold organizational integrity is crucial.

**Question to Reflect Upon:**

1. How can directors establish robust documentation and record-keeping processes?
2. What measures should directors take to ensure data protection and privacy rights?
3. Can you provide examples of effective fraud prevention strategies within cooperatives?



## **Conclusion**

Serving on the board of a cooperative is a role steeped in responsibility and commitment. It demands an unwavering dedication to the cooperative's mission, a strategic mindset, and a collaborative spirit. As stewards of the cooperative's values and objectives, directors are entrusted with fostering a culture of excellence, integrity, and sustainability. Through ethical leadership, prudent governance, and active engagement with the cooperative community, directors pave the path for a resilient and prosperous future.



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## **Chapter 6**

### ***Officers of the Cooperative***

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## **Chapter 6**

### **Officers of the Co-op**

## CHAPTER 6 OFFICERS OF THE CO-OP

### 6.1 •Directors

Cooperative officers play a critical role in ensuring the organization's smooth operation. Let's explore the roles and responsibilities of these officers in greater detail.

### 6.2 •Presidents Role

The president of a cooperative wields significant authority and faces numerous responsibilities. It's crucial to understand the intricacies of this role.

#### **The president's core responsibilities include:**

##### **Overseeing Operations:**

The president manages daily cooperative operations, ensuring that rules and policies are upheld, meetings run smoothly, and committees effectively address community needs.

##### **Acting as the Spokesperson:**

As the official representative, the president communicates on behalf of the board to various stakeholders, handling member inquiries, managing public relations, and conveying board decisions diplomatically.

##### **Seeking Knowledge:**

Influential presidents continuously educate themselves about co-op management through resources like books, seminars, and networking opportunities, enhancing their leadership skills.

##### **Working with Volunteers:**

Encouraging board members' active involvement, nurturing their growth, and offering orientation to new members are essential tasks for the president.

##### **Collaborating with Professionals:**

The president serves as the liaison between the cooperative and professional managers or management companies, seeking advice from legal, financial, or insurance professionals as needed.

##### **Protecting the Co-op's Assets:**

In their fiduciary role, the president ensures responsible financial management, including budget preparation, funding reserves, and risk management.

##### **Question:**

How can a cooperative president effectively balance their role's community-oriented and business-oriented aspects to ensure the co-op's success?

### 6.3 •Vice Presidents Role

The vice president is essential to the co-op's leadership structure, often stepping in when the president is unavailable.

#### **The vice president's duties include:**

##### **Leading Meetings:**

When the president is absent, the vice president presides over meetings, requiring knowledge of parliamentary procedures and the co-op's governing documents.

##### **Preparedness for Presidency:**

The vice president should be prepared to assume the presidency if needed, understanding the full range of presidential responsibilities.

##### **Committee Leadership:**

The vice president may lead central committees depending on the cooperative's needs.

##### **Liaison Role:**

Often, the vice president serves as the liaison chair, maintaining connections between various entities.

##### **Question:**

What strategies can a vice president employ to prepare effectively for assuming the presidency in case of a vacancy?



## 6.4 •Secretaries Role

The secretary in a cooperative has a pivotal role in record-keeping and risk mitigation.

### **Key responsibilities include:**

#### **Accurate Minutes:**

The secretary records precise minutes of all meetings, ensuring that actions taken are documented, voting records are maintained, and decision-making authority is noted.

#### **Meeting Announcements:**

The secretary is responsible for announcing meetings and preparing agendas, aligning with the cooperative's governing documents.

#### **Record Maintenance:**

A well-organized filing system, records management (including retention schedules), and filing forms with state agencies fall under the secretary's purview.

#### **Witnessing and Verifying Signatures:**

The secretary witnesses and verifies signatures for various documents, including checks.

#### **Accepting and Verifying Proxies:**

Proxy acceptance and verification ensure transparency and integrity in meetings.

#### **Correspondence Management:**

Managing cooperative correspondence and routing it professionally is part of the secretary's role.

### **Question:**

How can a cooperative secretary efficiently manage and preserve records, ensuring compliance with all legal requirements?



## 6.5 • Treasurer Role

The treasurer of a cooperative is responsible for its financial health and stability.

### **Key responsibilities encompass:**

#### **Budget Preparation:**

The treasurer collaborates with the board, committees, and management to prepare an annual operating budget that aligns with the cooperative's financial goals.

#### **Financial Account Maintenance:**

This includes managing insurance coverage, financial records, investments, assessment collection, reserve funds, and tax compliance.

#### **Understanding Financial Statements:**

The treasurer comprehends financial statements, analyzing assets, liabilities, equity, income, and cash flow statements.

#### **Board Reporting:**

Regular reporting to the board provides insights into the cooperative's financial status.

#### **Reserve Program Management:**

The treasurer and the board manage reserve programs, assessing future capital needs and funding plans.

#### **CPA Selection and Audit Conduct:**

Ensuring a qualified CPA is engaged and overseeing annual audits maintains financial transparency.

#### **Bookkeeping Oversight:**

In self-managed communities, the treasurer may handle bookkeeping tasks.

#### **Financial Liaison:**

The treasurer liaises with the finance committee, auditors, bankers, and other parties on financial matters.

### **Question:**

How can effective financial management by a cooperative treasurer support the organization's long-term success and member satisfaction?



### **Conclusion**

Serving on the board of a cooperative is a role steeped in responsibility and commitment. It demands an unwavering dedication to the cooperative's mission, a strategic mindset, and a collaborative spirit. As stewards of the cooperative's values and objectives, directors are entrusted with fostering a culture of excellence, integrity, and sustainability. Through ethical leadership, prudent governance, and active engagement with the cooperative community, directors pave the path for a resilient and prosperous future.



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## *Chapter 7*

### *Directors Leadership*

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## **Chapter 7**

### **Director Leadership**

## DIRECTORS LEADERSHIP

### 7.1 •Leadership Overview

Leadership within the board of directors of a not-for-profit organization is an art of inspiration, collaboration, and commitment to a shared vision. The board's mission encompasses defining the organization's purpose, vision, and values, focusing on serving as stewards rather than seeking personal recognition. They shape the organization's course, ensuring it operates effectively and harmoniously.

#### **Effective leadership in this context involves:**

##### **Vision and Mission:**

Board members must understand and actively shape and communicate the organization's vision and mission. They serve as the custodians of these guiding principles, ensuring they remain aligned with the organization's purpose.

##### **Shared Values:**

A collective sense of values creates a framework for decision-making and behavior. These values establish a unified culture and ensure consistency in how the board operates and interacts with stakeholders.

##### **Organization Knowledge:**

To lead effectively, board members should acquaint themselves with the organization's core purpose, program operations, and community impact. This knowledge empowers them to provide strategic guidance and make informed decisions.

##### **Governance Capacity:**

Continuous enhancement of governance skills and staying updated on best practices are essential for board members. Training and development opportunities reinforce understanding roles, responsibilities, and effective board processes.

##### **Financial Literacy:**

A solid understanding of the organization's financial situation, revenue sources, sustainability, and reserves empowers board members to make informed financial decisions and ensure long-term stability.

##### **Service Commitments:**

Board leadership must focus on fulfilling the organization's service commitments by providing direct services, advocating for a cause, or ensuring standards are met.

##### **Strategic Planning:**

Active participation in strategic planning, succession planning, and preparation for market transitions and economic changes keeps the organization adaptable and responsive to external factors.

##### **Question:**

How can board members balance their role as stewards of the organization with their responsibilities as inspirational leaders who drive the organization forward?

**FIG. 2 – QUALITIES OF A LEADER**

| DISCOURAGED                                                      | ENCOURAGED                       |
|------------------------------------------------------------------|----------------------------------|
| a) Devil's Advocate                                              | a) Accountable                   |
| b) Lack of Preparedness, Doesn't Read                            | b) Prepared, Timely, Accountable |
| c) It's all about ME                                             | c) Team Player                   |
| d) It's not how we USED TO DO IT                                 | d) Visionary, Future Oriented    |
| e) Deceptive, Manipulative                                       | e) Transparent                   |
| f) Group Think                                                   | f) Properly Vetted               |
| g) "I just have a [another] question."                           | g) Disciplined Actions           |
| h) "What are you doing to fix this?"<br>Everything is a problem. | h) Innovative; Seeks Solutions   |
| i) Fraternizer                                                   | i) Respectful of all People      |
| j) Micro-Manager                                                 | j) Trusting                      |
| k) Never Shows Up                                                | k) Governance Experience         |
| l) Vague, Slippery Answers                                       | l) Financial Acumen              |
| m) Reveals Board Actions                                         | m) Strategic Thinker             |

## 7.2 •Director Stewardship

Fiduciary stewardship is vital for an organization's well-being. Upholding accountability and avoiding self-interest are paramount. Expressing negative views or disagreements in public forums can breach confidentiality and disrupt unity.

### **Code of Conduct:**

Setting clear behavior guidelines, including professionalism, confidentiality, loyalty, and avoiding personal gain, is crucial for all involved in the organization.

### **Conflict of Interest:**

Policies should prevent board members from exploiting their positions for personal benefit, thus avoiding conflicts of interest that could hinder the organization's progress.

### **Code of Ethics:**

A code of ethics should guide the board, volunteers, and staff, ensuring adherence to ethical principles that align with the organization's mission and goals.

### **Question:**

How can a robust code of conduct and ethics contribute to an organization's effectiveness and reputation?



### 7.3 •Directors Cultivating

Promoting diversity and inclusion, addressing unlawful harassment, and having mechanisms to handle misconduct and fraud are vital for organizational health.

#### **Diversity and Inclusion:**

Core values like equity, diversity, and inclusion should guide membership and service delivery, eliminating participation barriers.

#### **Code of Conduct:**

An annually reviewed Code of Conduct ensures alignment with community changes, promoting respectful behavior among board members.

#### **Unlawful Harassment:**

Organizations should maintain an environment free from discrimination and harassment, with policies prohibiting such behavior and consequences for board members who engage in it.

#### **Misconduct, Dishonesty, Fraud, and Whistle-Blower:**

Protocols for addressing misconduct, dishonesty, and fraud allegations must be in place, respecting privacy and protecting whistle-blowers.

#### **Question:**

How can nonprofit organizations ensure that their commitment to diversity and inclusion is effectively reflected in membership and service delivery?



## 7.4 •Organizational Traditions

We are maintaining organizational traditions like attending orientations and retreats, supporting advocacy efforts, and engaging with members to foster connection and relevance.

### **Attendance at Orientations and Retreats:**

Annual orientations and retreats provide opportunities for board alignment, strategic planning, and strengthening connections among members.

### **Support for Advocacy Efforts:**

Board members who actively participate in advocacy demonstrate commitment to the organization's mission, encouraging stakeholder involvement.

### **Engagement with Members:**

Actively seeking input from members, understanding their needs, and maintaining open communication nurtures a sense of community and relevance.

### **Additional Information:**

#### **Leadership Development:**

Board members can invest in leadership development programs, workshops, and mentoring to continuously enhance their leadership skills and stay updated on industry best practices.

#### **Conflict Resolution:**

Effective leadership involves proficient conflict resolution skills, allowing board members to address disagreements and disputes within the board and among stakeholders professionally and constructively.

#### **Question:**

In your view, what is the most critical aspect of board leadership that ensures the success and impact of a not-for-profit organization? How can board members continuously cultivate these leadership qualities to benefit their organizations and communities?

### **Conclusion**

In conclusion, board leadership within a not-for-profit organization is a multifaceted role that involves inspiring others, fostering a collaborative environment, and upholding ethical principles. Influential leaders must ensure the organization operates optimally, stays true to its mission, and serves its community effectively. Board members can guide nonprofits toward success and more significant societal impact by cultivating strong leadership qualities, adhering to codes of conduct and ethics, promoting diversity and inclusion, and maintaining organizational traditions.



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## *Chapter 8*

### *Strategic Plan*

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## **Chapter 8 Strategic Planning**

## CHAPTER 8: THE POWER OF STRATEGIC PLANNING

Welcome to Chapter 8, where we dive into the exciting world of strategic planning. We'll explore why it's essential, how to create a strategic plan, the roles that drive its success, and some guiding principles that can make all the difference.

### 8.1 The Significance of a Strategic Plan

Picture a strategic plan as your cooperative's compass, charting a clear path for the next 3-5 years. Its importance can't be overstated:

**Roadmap for Guidance:**

It prevents your cooperative from veering off course with each leadership change, ensuring continuity.

**Consistency Amid Change:**

Even with new leaders at the helm, the plan provides stability, preventing drastic shifts in direction.

**Alignment for All:**

Committees and volunteers are on the same page, working towards common objectives.

**Budget Planning Aid:**

It's your financial guide, ensuring the necessary resources back your goals.

**Resource Allocation:**

It helps you wisely allocate resources throughout the year.

**Building Awareness:**

It's a powerful tool to create industry and public awareness about your cooperative, its goals, and its importance.

**Question:**

Can you share an example of how a strategic plan has played a crucial role in the success of a cooperative organization you've been a part of?

### 8.2 Crafting Your Strategic Plan

Creating a strategic plan is a journey that begins with a board retreat. Here's a glimpse of how to make it happen:

**Set the Scene:**

Create a comfortable atmosphere for productive discussions led by the President and Executive Director.

**Establish Common Terms:**

Ensure everyone is on the same page regarding essential terms like goals, mission, and strategies.

**Review Past Reports:**

Start with a review of previous plans and assess what's been accomplished and what's still pending.

### **SWOT Analysis:**

Dive into a discussion about your cooperative's internal strengths and weaknesses and the external opportunities and threats.

### **Refine Your Brand Platform:**

Revisit, reaffirm, or adapt your mission, vision, and value statements.

### **Set Clear Goals:**

Establish 3-5 goal statements to channel your resources toward achieving your mission.

### **Identify Strategies:**

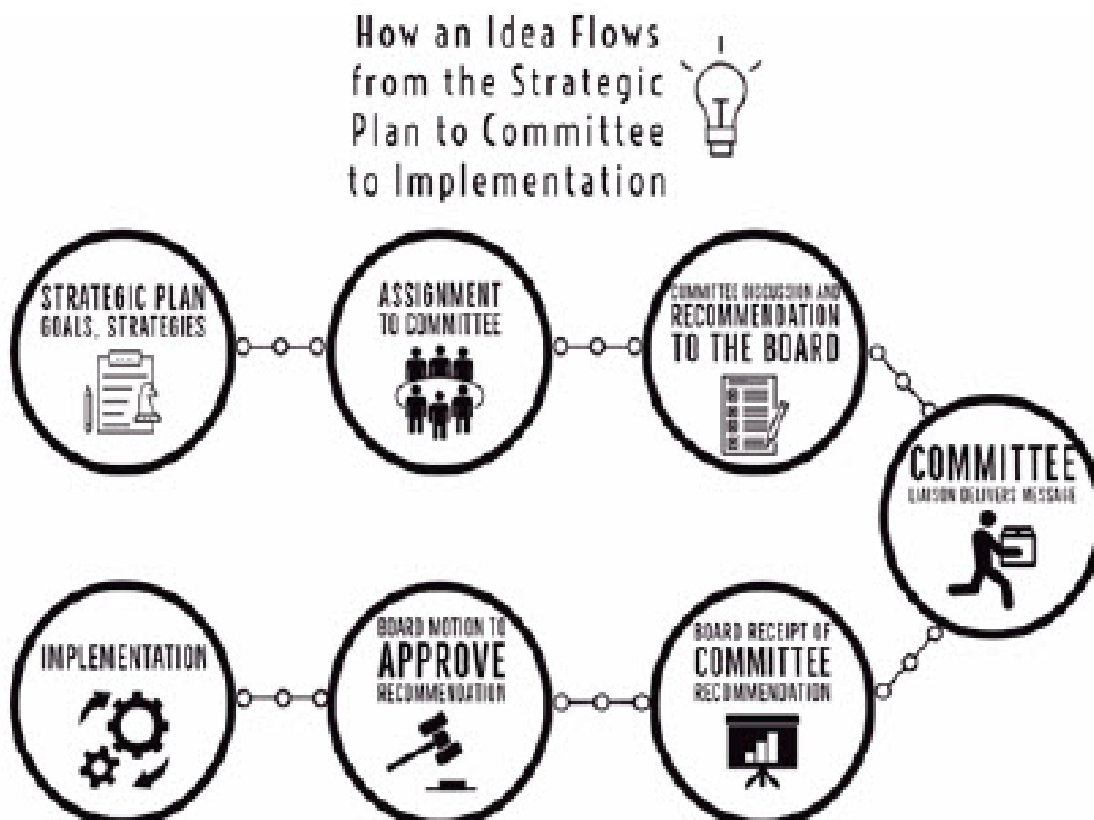
Determine the programs and projects that will help you reach those goals.

### **Performance Metrics:**

Decide on performance metrics that will hold everyone accountable for reaching your goals.

### **Question:**

What is the most challenging part of the strategic planning process? How do you overcome it?



### 8.3 Strategic Planning Roles

In the world of strategic planning, roles matter:

**Plan Champion:**

The Chief Elected Officer oversees plan progress and monitors key indicators.

**Goal Champion:**

Each goal has a volunteer and staff leader responsible for its success.

**Task Owner:**

Specific actions within strategies have task owners, ensuring tasks are completed and progress is tracked.

**Question:**

How does your cooperative ensure everyone understands and embraces their roles in the strategic planning process?

### 8.4 Guiding Principles

Guiding principles are the North Star for your cooperative. They include values like community, inclusion, leadership, growth, and celebration. These principles should influence your discussions, decisions, and actions.

**Governance Roadmap and Guardrails:**

The strategic plan guides the board's actions, while bylaws act as guardrails. Think of it as a placemat-style plan, keeping your strategic goals visible.

**The Rising Tide:**

Remember, improving operations benefits everyone in your cooperative.

**Programs for Continuous Improvement:**

Training and programs for improvement are essential for all chapters, even those initially hesitant.

**Structure Matters:**

The structure, represented by an organizational chart, affects your effectiveness and should be reviewed carefully.

**Strategic Action:**

Always act strategically, guided by a multi-year plan that communicates your priorities.

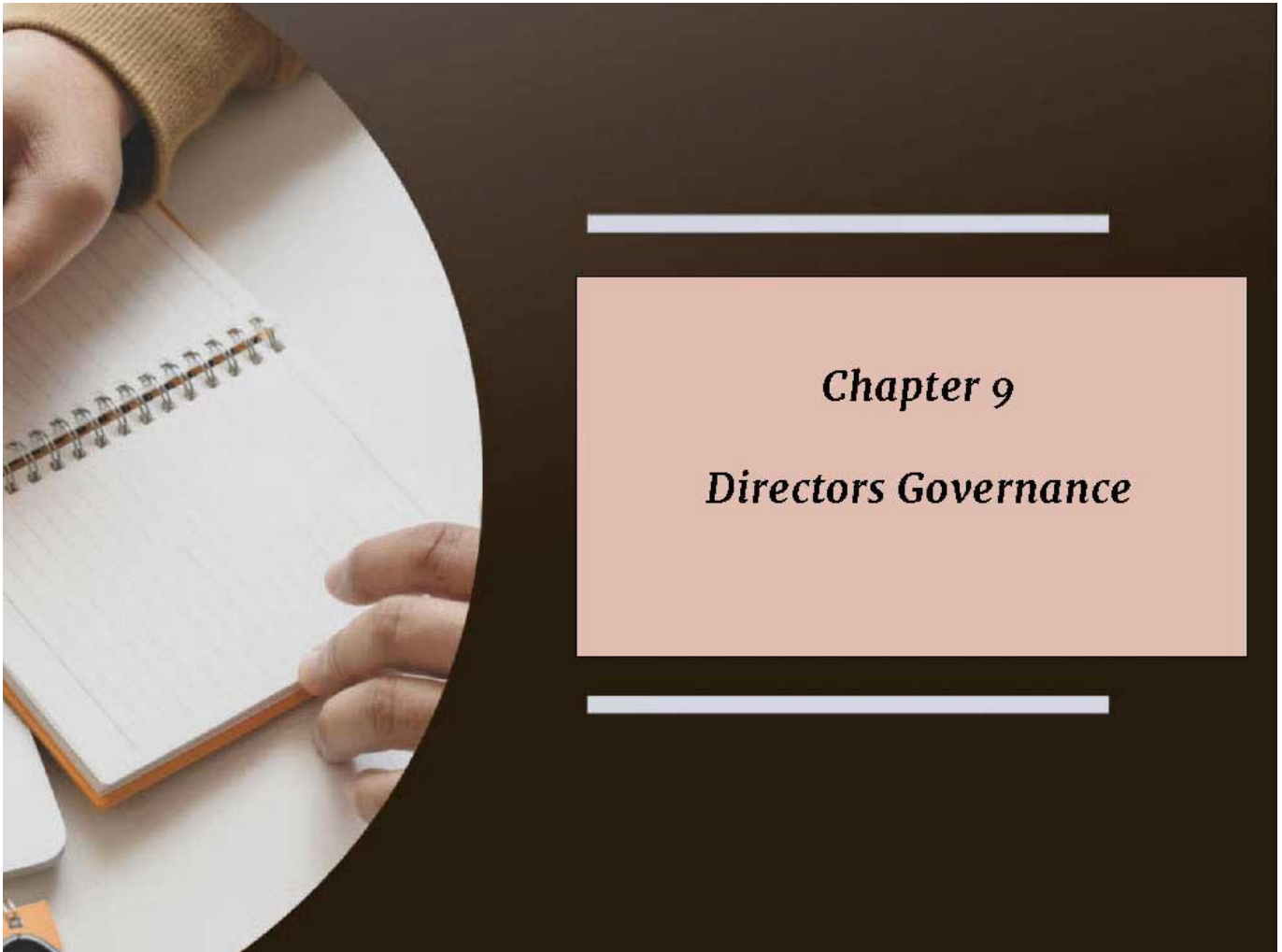
**Question:**

What guiding principles does your cooperative hold dear, and how do they shape your strategic planning process?



## **Conclusion**

Transitioning your strategic plan from an idea to a roadmap is essential for goal achievement. Dashboards can simplify the process, offering samples that keep your plan front and center. By implementing and monitoring your strategic plan, your cooperative can achieve progress and success in its goals.



## **Chapter 9 Governance**

## CHAPTER 9: NAVIGATING DIRECTORS' GOVERNANCE

Welcome to Chapter 9, where we embark on a journey into the fascinating world of governance. Serving on a governing body demands loyalty and dedication to the organization, as representatives of constituents—members, the community, or clients—the governing board shoulders crucial responsibilities. These include crafting a vision, guiding and overseeing success, setting policies, ensuring resources, and steering the organization toward its purpose. Let's dive deeper into the art of governance.



### 9.1 Governance Unveiled

Governance is like the rudder of a ship, steering it towards its destination. The board adheres to governing documents—bylaws, articles, policies—and the mission and strategic plan to shape discussions and priorities. While operational talks might be interesting, they divert from substantial discussions and intended outcomes.

#### Governance Responsibilities

The board's responsibilities span a broad spectrum, including:

#### Creating a Vision:

We are crafting an inspiring vision aligning with the mission and values, setting long-term goals, and providing direction.

#### Strategic Planning:

It is identifying strategic goals that drive the organization, assessing the environment, and ensuring progress.

**Policy Development:**

We are establishing guidelines in financial management, risk, ethics, governance, ensuring consistency and accountability.

**Resource Allocation:**

Overseeing resources to achieve the mission, including finances, fundraising, and stewardship.

**Performance Monitoring:**

Evaluating progress toward goals, using metrics and data to inform decisions.

**Stakeholder Engagement:**

Bridging between the organization and stakeholders, fostering communication, and representing interests.

**Risk Oversight:**

Identifying and managing risks and implementing strategies for mitigation.

**Question:**

How do you ensure that your board stays focused on governance and doesn't delve into day-to-day management discussions?

## 9.2 The Heart of Governance: Mission and Vision

Your mission and vision statements are the heartbeat of your organization.

**Purpose**

The board plays a pivotal role in guiding the organization's vision, values, and purpose. Leadership impacts performance and mission fulfillment. Community Association Governance Guidelines can promote effective and harmonious communities.

**Question:**

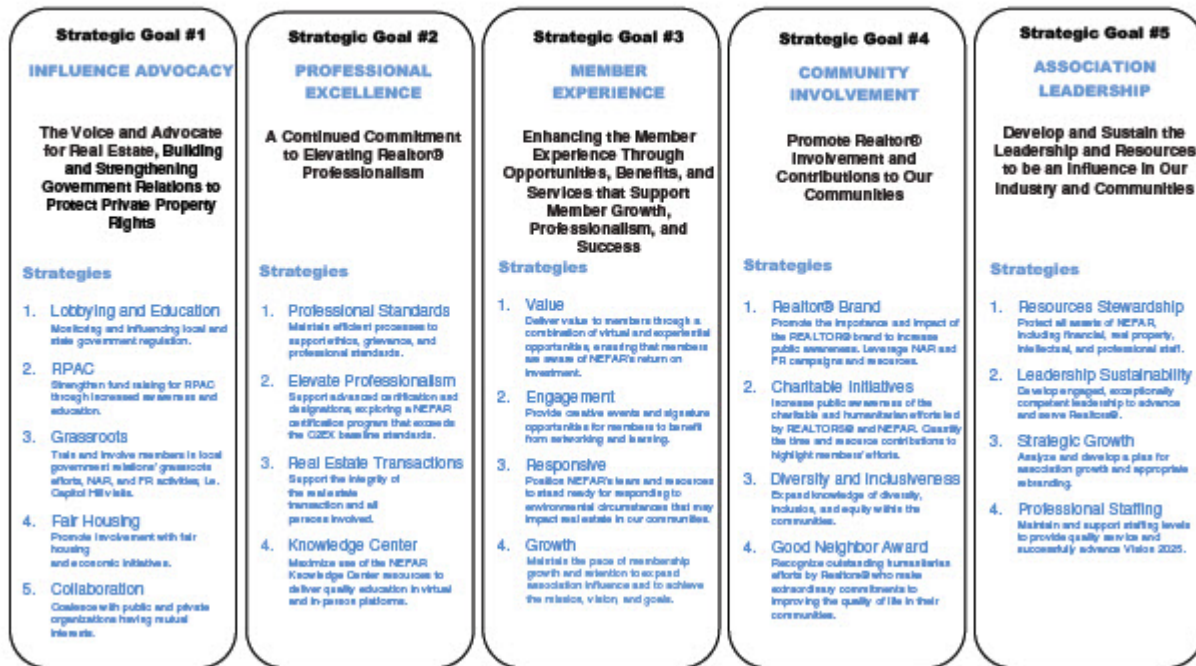
Can you share how your cooperative ensures its mission and vision statements remain relevant and aligned with evolving goals and environments?

## MISSION

"Serving as the Premier Advocate and Resource for Real Estate"

## VISION

"To be the Association of Choice for Real Estate Professionals"



## 9.3 Governance: More Governing, Less Managing

Effective governance is about striking the right balance. Directors should focus on strategic governance, avoiding micro-management, and allowing staff to handle day-to-day operations.

### Micromanagement

Distinguishing governance from management is vital. Directors shouldn't delve into day-to-day management as it can undermine effectiveness.

### Balanced Partnership

Effective governance requires a harmonious board-staff collaboration built on trust, communication, respect, and aligned efforts.

### Verify and Trust

Trust management but verify through accurate reports and audits. Foster a culture of trust, communication, and transparency.

### Question:

How do you foster a balanced partnership between your board and staff, ensuring everyone plays their respective roles effectively?

## 9.4 Enhancing Governance

Governance is an evolving process, and there's always room for improvement. Here are some steps to enhance your governance:

### **Board Self-Assessment:**

Regularly evaluate board performance and processes. Enhance communication, decision-making, and feedback.

### **Board Training and Development:**

Invest in training to enhance governance skills. Stay updated on trends, regulations, and best practices.

### **Succession Planning:**

Plan for board leadership continuity. Mentor new members for integration.

### **Stakeholder Engagement:**

Incorporate stakeholder feedback in decision-making.

### **Monitoring and Evaluation:**

Regularly assess governance effectiveness.

### **Question:**

How does your organization ensure its governance practices remain effective and responsive to changing needs?



## 9.5 The Gospel of Good Governance

Good governance is guided by principles that ensure transparency, trustworthiness, and effectiveness. These principles shape how a board operates:

**Trust and Trustworthiness:**

Trust, transparency, respect, and integrity build an effective board.

**Balanced Partnership:**

Board-staff collaboration is crucial.

**Oversight and Governance:**

Directors govern, and staff manage.

**Strategy and Policy:**

Prioritize strategic discussions and policy development.

**Continuous Learning:**

Stay informed about best practices and trends.

**Verifiable and Measurable:**

Quantify governance practices for continuous improvement.

**Efficiency and Effectiveness:**

Ensure meaningful meetings and results-oriented committees.

**Member-Centric Approach:**

Serve members' interests and avoid personal agendas.

**Brevity:**

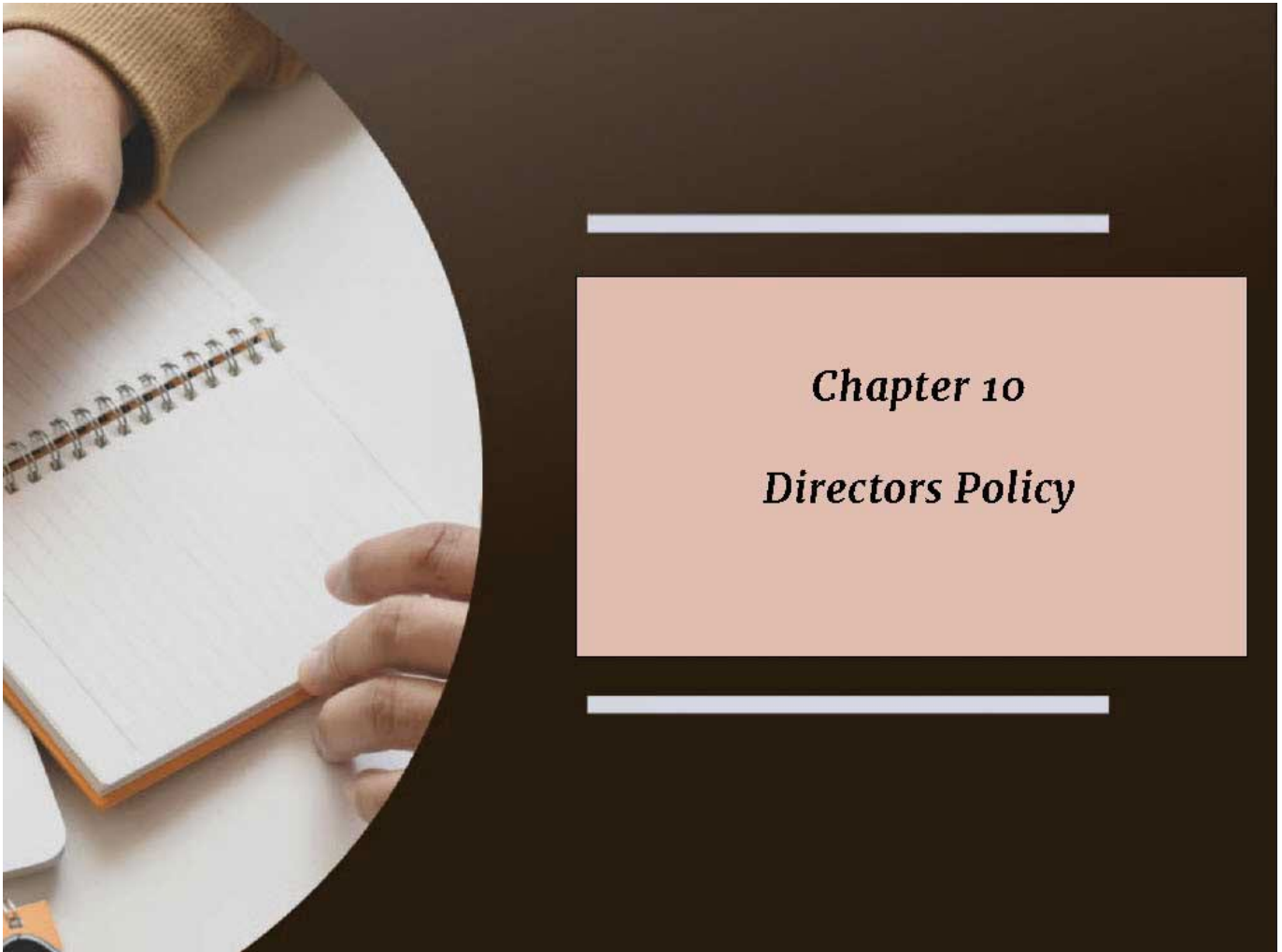
Conciseness enhances communication.

**Question:**

Which governance principles do you consider the most critical for your board's success, and why?

### **Conclusion**

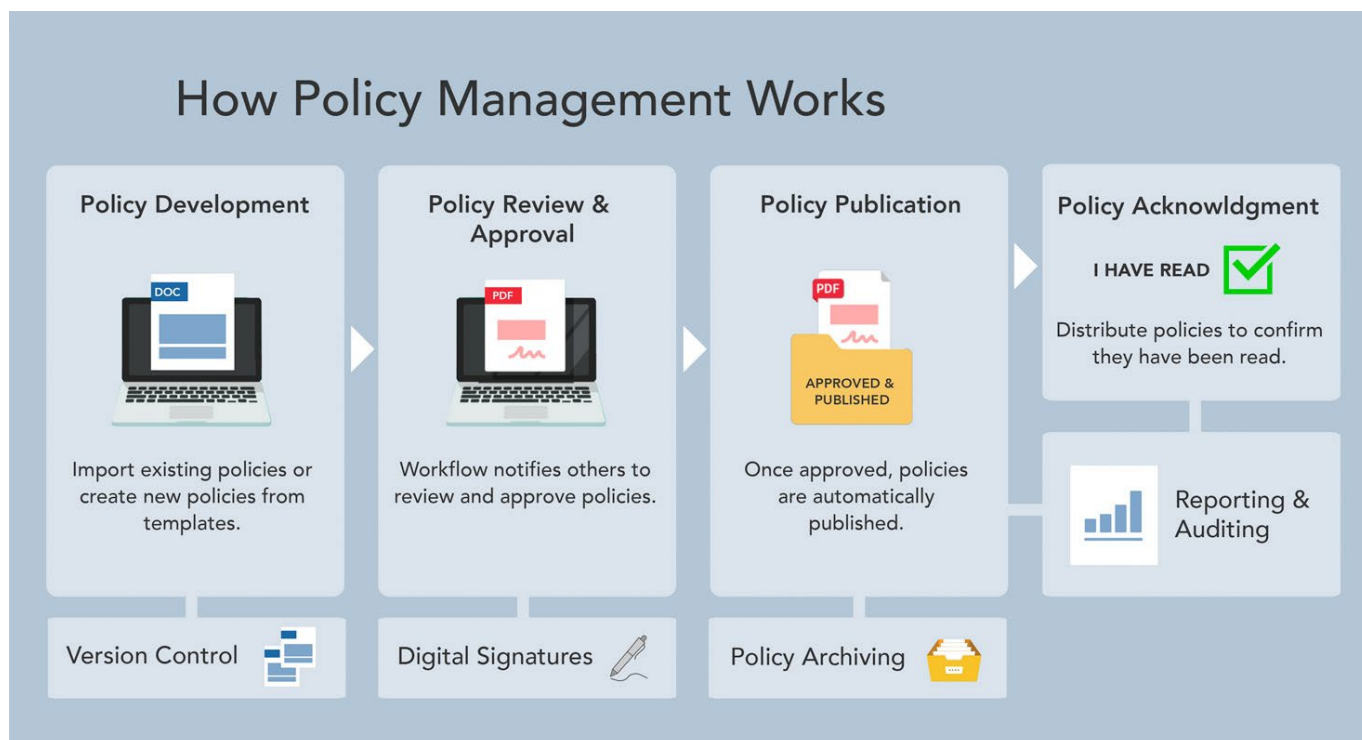
As we conclude this chapter on governance, remember that effective governance is the compass that guides your organization. It's a journey of continuous improvement, collaboration, and trust. By adhering to these principles and focusing on your mission and vision, your board can steer your cooperative toward success.



## **Chapter 10 Directors Policies**

## CHAPTER 10: CRAFTING EFFECTIVE POLICIES FOR DIRECTORS

Welcome to Chapter 10, a journey into the world of crafting policies that guide your organization's actions and decisions. Policies are like the North Star, providing clear direction, ensuring consistency in governance, and safeguarding your organization's integrity. Let's delve deeper into the art of policymaking, explore common policies, and understand the dos and don'ts.



### 10.1 The Purpose of Policy

Policies play a crucial role in guiding an organization. They provide interpretation for broader governing documents such as articles of incorporation, bylaws, and mission statements. Additionally, policies reflect the historical decisions made by previous governing boards.

Without policies, volunteer leaders may make assumptions about the reasons behind certain practices. Since boards frequently transition, policies support continuity in governance. In the absence of policies, boards tend to rehash discussions that have already taken place. Having a policy in place offers a solution and avoids redundant debates.

Policies also serve to protect an organization. In some cases, a policy can be used as a defense, demonstrating that the board has exercised care and due diligence.

While policies are considered part of governing documents, they are generally easier to adopt and amend compared to bylaws. Bylaws often require notice and possibly a vote, whereas policies can be adopted by the board.

Policies provide clarity by granting authority or limiting actions. For example, a committee may discover that they do not have the authority to expend funds on behalf of the board, as outlined in the policy.

### **Definitions**

- Wisdom in the management of affairs.
- A definite course or method of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions.
- A high-level overall plan embracing general goals and acceptable procedures, especially of a governmental board.

### **Policies are NOT Procedures**

- Procedures are administrative or managerial and involve documenting staff responsibilities. They are of minimal interest to the board.
- For instance, the steps for processing a new member are managed by staff and should be documented for consistency. While the board should be concerned with membership trends, they do not need to be involved in the administrative operations of recruitment and renewal.
- Procedures often stem from policies. When the board adopts a policy, staff should determine the necessary steps to implement and maintain that policy. For example, a board policy on the chairperson's use of a corporate credit card should establish procedures for submitting receipts on prescribed forms and reimbursement deadlines.

### **Precautions:**

- While policies serve multiple purposes, some precautions should be considered:
- Policies should not conflict with other governing documents or applicable laws.
- Policies are not amendments to the bylaws.
- Policies may exist without a system in place for retrieval and reference.
- Policies should not be confused with personnel guidelines or administrative procedures.
- Policies may be vague, lengthy, or unenforceable.
- Assuming the existence of a policy that has never been officially adopted.
- Policies are always written and should not be confused with precedents or practices.

### **Question: The Purpose of Policy:**

1. Why are policies crucial for maintaining continuity in governance when boards transition?
2. Can you provide an example of a situation where a policy could serve as a defense for the board, demonstrating care and due diligence?
3. What is the primary difference between policies and procedures, and why is it essential for boards to understand this distinction?
4. How can policies help prevent conflicts with other governing documents or applicable laws?
5. What precautions should organizations take to ensure that policies are always written and not merely assumed or implied?
- 6.

## **10.2 CREATING A POLICY:**

Creating policies is a thoughtful process that involves several approaches:

### **Manual From Minutes.**

In an organization without a policy manual, it is possible to reconstruct policies from prior minutes. Take the last five years of board meeting minutes and identify motions that serve as policies. Enter those motions into a word processing program, adding the date of the meeting minutes at the end of each policy. Create a table of contents and review the new manual with the board for approval.

### **From Bylaws.**

Some organizations have incorporated policies into their bylaws. To address this, review the bylaws to identify more precise policy statements that do not belong there. Highlight these policies and transcribe them into a policy manual. Take the amended bylaws to the board or membership for approval. This process will help identify any existing bylaws and any missing ones.

### **Policy Development:**

The following flow chart represents a comprehensive approach to policy development, although not every policy will follow each step precisely.

- **Identify the Issue.**  
When discussions at the board table become repetitive, confusing, or drawn out, it may indicate the need for a policy. For example, an annual debate on whether to conduct a financial audit could be guided by a previously adopted policy recommending an audit every three years.
- **Consistent with Governing Documents.**  
Before recommending a policy, review the governing documents (bylaws and articles of incorporation). If these documents are vague, policy adoption can help clarify or interpret them. Policies should not conflict with the governing documents.
- **Environmental Scan.**  
Research how other organizations solve similar issues. Seek out sample policies available for discussion with the board. Conducting an environmental scan can expedite the policy development process.

- **Draft the Policy.**  
Reduce the proposed policy or solution to writing. A committee, staff, or consultant can draft a policy for board consideration. Clarity is essential.
- **Stakeholder Input.**  
Due to the long-term impact of policies, consider seeking input from members. Legal, accounting, and insurance counsel should be involved in developing policy statements.
- **Adoption by the Board.**  
Adoption of a policy requires a motion and recording in the minutes. This formalizes the policy and traces its origin back to the board minutes. Annotating the date of adoption when entering a new policy in a manual is a good practice for future reference.
- **Update Policy Manual.**  
Transcribe the policy into a form that future leaders and staff can access. Maintain a manual, log, or online document that records the organization's policies.
- **Distribute for Awareness.**  
Policies have little value if the board and future leaders are unaware of them. When policies are adopted, it is essential to inform the affected parties.

### **Errors in Policy Adoption:**

Given that most boards consist of volunteers who may not specialize in policy development, it is expected to encounter errors. The following are frequent errors and how to avoid them:

- **Amending the Bylaws.**  
Avoid the impulse to include policies in the bylaws. Bylaws should remain broad governing documents, while policies interpret the bylaws without being fit.
- **Conflicting Documents.**  
Ensure that policies do not conflict with existing governing documents. Policies should interpret the bylaws and articles, not replace or supersede them.
- **Hyper Focus.**  
Do not become overly fixated on policy development. Issues that can be solved through policy will naturally arise. Instead of debating them at the board table, delegate the task to staff, committees, or legal counsel and ask them to bring recommendations to the board.
- **Archival in the Minutes.**  
Rather than relying solely on the memory of when a policy was adopted, it is advisable to transcribe policies into a manual at least annually. When transferring policies, reference the date of the meeting in which they were adopted or amended.
- **Environmental Scan.**  
Conduct an environmental scan of other associations rather than engaging in lengthy discussions or searching for policy samples from similar organizations. Utilize resources from professional organizations such as the American Society of Association Executives, the American Chamber of Commerce Executives, Board Source, and legal and accounting counsel.

- **Policy Mania.**

A nonprofit organization typically has 20 to 50 policies. If an organization has hundreds of statements, many of which may be outdated, it is recommended to conduct a sunset review. Appoint a task force to review and recommend policies to be added or deleted.

### **It Doesn't End with Policy**

Almost every policy will result in the need for procedures. For instance, a policy on conflicts of interest will require procedures for educating the board annually, creating and distributing a disclosure form, and appropriately recording conflicts in the minutes.

#### **Policy Management:**

After the board adopts a policy, it is crucial to take steps to implement and manage the policy effectively. Here are important considerations for policy management:

#### **Transcribe.**

Record the new policy in the minutes and transcribe it into a manual, log, or online resource cataloging all policies. Ensure that the system for managing policies is sustainable.

#### **Procedures.**

Most policies will result in administrative procedures. Study the policy and create a checklist to support implementation. For example, a policy on distributing minutes within 30 days of meetings will require staff to develop steps for drafting, distributing, and archiving minutes in a timely manner.

#### **Annotation.**

Include the date of adoption at the end of each policy. If a policy is amended, include the date to reference the board meeting minutes.

#### **Sunset and Review.**

Periodically review all policies to identify outdated or missing statements. Some organizations have a policy to review their comprehensive policy manual every five years.

#### **Question: Crafting Policies:**

1. How can organizations reconstruct policies from past board meeting minutes, and why is this an important practice?
2. Why should policies be kept separate from bylaws, and what potential issues could arise if they are included in the bylaws?
3. What steps are involved in the comprehensive approach to policy development, and why is each step essential?
4. What are some common errors in policy adoption, and how can organizations avoid these mistakes?
5. How do you ensure that policies remain up to date and relevant over time?



### 10.3 Common Policies

Let's explore some common policies in more detail:

#### **Antitrust Avoidance:**

Due to state and federal antitrust laws, it's crucial to avoid discussions involving competitive practices, pricing, profitability, and other related topics. This policy promotes free enterprise and competition while preventing legal complications.

#### **Savings Reserve:**

To ensure your organization's financial stability, maintain a reserve equivalent to six months of your annual budgeted income. This reserve acts as a safety net in case of unexpected expenses or catastrophes and requires the approval of 75 percent of the board for any spending.

#### **Insurance Coverages:**

Protect your organization by ensuring the availability of various insurance coverages, including general liability, directors' and officers' liability (D&O), and others, as required by your specific circumstances.

#### **Financial Audit:**

Annually appoint an audit task force responsible for selecting an independent Certified Public Accountant to conduct an audit in accordance with Generally Accepted Auditing Standards. Ensure cooperation with the auditor and review the audit report confidentially.

#### **Record Retention:**

Develop a customized record retention and document destruction schedule based on recommendations from a CPA or attorney. This schedule should apply to digital and hard copies and reflect the organization's needs while preserving its history.

#### **Meeting Minutes:**

Maintain written minutes for all board meetings, including summary notes for executive sessions. Accurately reflect the actions, motions, and statements of the board and distribute minutes to board members within 30 days.

**CEO Performance Evaluation:**

Establish a process for periodic performance evaluations of the executive director. This process should include a customized evaluation tool and maintain confidentiality throughout.

**Consent Agenda:**

Streamline board meetings by creating a consent agenda for items not requiring discussion. Allow board members to remove items for separate debate if needed.

**Executive Session of the Board:**

Clearly define the purpose and topics for executive sessions to ensure focused discussions without staff or counsel present.

**Logo Usage:**

Encourage members to use the organization's logo to promote membership and values while adhering to licensing provisions.

**Liquor Service:**

If liquor is served at an event, establish guidelines for responsible service, including using insured and trained bartenders and implementing methods to control liquor distribution.

**Question: Common Policies:**

1. Why is it crucial for organizations to have an antitrust avoidance policy, and what specific topics should this policy address?
2. What is the purpose of maintaining a savings reserve, and how does this policy protect an organization during unforeseen circumstances?
3. How can organizations ensure they have the necessary insurance coverages in place, and why is this critical for risk management?
4. Why should organizations conduct financial audits annually, and what role does the audit task force play in this process?
5. What are the critical elements of a CEO performance evaluation policy, and why is confidentiality emphasized in this context?

6. How can consent agendas streamline board meetings, and why is it essential to allow board members to remove items for separate discussion?
7. What are some considerations for organizations when implementing a liquor service policy at events?
8. How can organizations ensure the effective management and retention of meeting minutes, and why is this important for governance transparency?
9. Why should organizations establish guidelines for executive sessions of the board, and what topics might be discussed during these sessions?
10. How can policies encourage the appropriate usage of an organization's logo, and what are some licensing considerations?

## **Conclusion**

In this chapter, we've journeyed through the world of crafting policies for directors. Policies are the navigational stars that guide your organization toward its goals while ensuring transparency, consistency, and legal compliance. By following best practices and adopting relevant policies, your organization can confidently navigate the complex governance waters.



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## *Chapter 11*

### *Cooperative Rules*

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## **CHAPTER 11**

### **Cooperative Rules**

## 11 COOPERATIVE RULES:

### 11.1 Rule Creation

In any cooperative community, establishing and maintaining rules are fundamental to ensure the well-being and harmony of all residents. Let's delve deeper into this crucial aspect of cooperative living.



#### **Why Rules Matter:**

Rules serve as the backbone of a cooperative community. They play several essential roles:

- **Preserving Aesthetics:**  
Rules often include guidelines on property maintenance, landscaping, and architectural standards. These regulations help maintain the community's visual appeal, ensuring that properties are well-kept and visually appealing.
- **Protecting Property Values:**  
A cooperative community's property values are closely tied to its overall appearance and functionality. Effective rules prevent actions that could negatively impact property values, such as neglecting property maintenance.
- **Enforcing Governance Documents:**  
Cooperative communities typically have governing documents like Covenants, Conditions, and Restrictions (CC&Rs) and Bylaws. Rules are a practical means of enforcing these documents by providing clear guidelines for residents to follow.
- **Maintaining Property:**  
Common areas and shared facilities require consistent maintenance. Rules help ensure that these resources are used responsibly and appropriately maintained for the benefit of all residents.

## **Reviewing Current Rules:**

Before creating new rules, it's crucial to assess the community's current rule set:

- **Identify Problems:**

What issues or challenges is the community currently facing that rules might address? Identifying these problems is the first step in determining whether new regulations are necessary.

- **Existing Solutions:**

Are the issues already addressed in the governing documents or state statutes? Some problems may be resolved through existing rules, and creating new ones could be redundant.

- **Authority:**

Does the cooperative community have the legal authority to address the identified issues through rules? Ensure that the rule-making process aligns with the community's legal framework.

## **Process for Creating Good Rules:**

Creating effective rules requires a systematic approach:

- **Thinking About the Future:**

Consider both short-term and long-term implications. Some rules may lead to additional expenses, such as legal fees or changes to governing documents. Think about how these rules will impact the community in the long run.

- **Drafting Rules:**

Be thorough when drafting rules. Clearly outline desired and undesired behaviors, specify when rules take effect, describe the enforcement process, and detail penalties for non-compliance.

- **Communicating with Residents:**

Transparency is essential. Inform residents about the need for new rules, provide the full text of proposed rules, and invite input from residents. Engaging the community ensures that rules are reflective of their needs and concerns.

- **Taking Action:**

After gathering feedback, make a decision regarding the proposed rules. Based on the feedback received, decide whether to adopt, revise, reject, or postpone them.

- **Notifying Residents:**

Once new rules are adopted, give residents a 30-day notice before enforcing them. This grace period allows residents time to become familiar with and adjust to the new rules.

- **Enact and Enforce:**

Consistent enforcement is vital. Ensure that all residents, including committee and board members, adhere to the rules. Enforce rules fairly and uniformly to maintain a sense of equity within the community.

## **Questions Rule Creation**

Welcome to the world of cooperative living! This chapter'll dive into the essential aspects of creating and maintaining rules in a cooperative community. Let's make this journey informative and enjoyable.

1. Why are rules and regulations essential in a cooperative community, and how do they contribute to the well-being of the community?
2. What steps should a cooperative community take when considering the creation of new rules?
3. How can you ensure newly drafted rules are clear, comprehensive, and enforceable?
4. What are the key communication strategies when introducing new rules to residents?
5. Why is consistency in rule enforcement crucial, and how can a cooperative community achieve it?

# *Problem Boards or Board Problem?*

## **11.2 Effective Rules and Regulations**

Creating rules is not just a legal requirement; it's about safeguarding investments and promoting cooperation within the community. Let's examine the characteristics of effective rules in more detail.

### **Criteria for Good Rules:**

- **Legality:**  
Rules must align with constitutional rights, federal laws, state statutes, local ordinances, and governing documents. Any rule that contradicts these legal frameworks is likely unenforceable.
- **Necessity:**  
Rules should address genuine issues that affect residents' quality of life. Avoid creating rules for the sake of it; they should serve a purpose.
- **Effectiveness:**  
Rules should help the cooperative community achieve its goals, fostering harmony among residents and maintaining property values.

- **Reasonableness:**  
Rules should be fair and equitable and not place undue hardship on residents. It's essential that residents understand and agree with the rules to avoid potential legal challenges.
- **Clarity:**  
Rules must be easy to understand, leaving little room for interpretation. Specificity is vital, and rules should outline penalties for non-compliance.
- **Enforceability:**  
Rules should be enforceable consistently and uniformly for all residents. This consistency is vital for maintaining trust within the community.

### **Creating Clear and Sensible Rules:**

Creating effective rules involves practical considerations:

- **Start with a Purpose:**  
Before creating a new rule, consider the broader goal it aims to achieve. Avoid knee-jerk reactions to isolated incidents, as rules should address larger community concerns.
- **Consider Penalties Carefully:**  
Penalties for rule violations should be proportional and fair. Seek legal counsel to ensure that the proposed penalties align with governing documents and local laws.
- **Compliance Made Easy:**  
Rules should be straightforward and achievable for residents. Complex or unrealistic rules may discourage compliance. Consider implementing a grace period for new regulations to allow residents to adjust.
- **Clear Communication:**  
Communication is key. Notify residents of new rules through various channels, such as emails, newsletters, posted signs, and social media. Ensuring that all residents are aware of the rules is essential for compliance.
- **Consistent Enforcement:**  
Consistency is vital in rule enforcement. All residents should be subject to the same standards, regardless of their relationship with board members. Clearly define the violation process and provide a way for residents to dispute violations.
- **Room for Special Circumstances:**  
Whenever possible, rules should account for particular circumstances or exceptions. Document these exceptions transparently to prevent claims of discriminatory enforcement.

- **Educate Residents:**

Remind residents that the responsibility for creating rules lies with the board, while property management handles execution and enforcement. Educating residents about these roles can prevent misunderstandings.

- **Regular Rule Review:**

Rules can become outdated or irrelevant over time. Periodically review existing rules to ensure they remain effective and necessary. Communicate any changes or updates clearly to residents.

### **Formalizing Cooperative Rules and Regulations:**

Formal policies are not obstacles but tools to ensure consistency and equity within the community. Here's how to approach the process:

- **Consult Experts:**

Before formalizing policies, consult with your property management company and legal counsel. Governing documents may outline specific procedures for creating rules.

- **Step-by-Step Approach:**

Follow a step-by-step approach when implementing new policies. Understand any protocols dictated by governing documents and communicate policy changes clearly to residents.

- **Committee Formation:**

Create a committee involving homeowners, board members, and even experts from public health or other relevant fields. This committee can investigate and provide input on the need for new rules.

- **Seek Resident Feedback:**

Engage residents in the rule-making process by seeking their input and feedback. Don't rush the process; allow residents ample time to respond and participate.

### **Questions: Effective Rules and Regulations**

Creating rules is more than just a legal obligation; it's about fostering harmony among residents and protecting their investments. Let's explore the characteristics of effective rules.

1. What criteria should a cooperative community consider to determine whether a rule is "good"?
2. How can a cooperative community ensure that its rules are both legal and enforceable?
3. Why is it important for rules to be reasonable and fair to all residents?
4. What steps can a cooperative community take to communicate the purpose and benefits of new rules to its residents effectively?
5. How can boards ensure that penalties for rule violations are appropriate and do not deter compliance?

### 11.3 Strategies for Voluntary Compliance

Voluntary compliance is the ideal scenario for any cooperative community. Encourage residents to follow the rules through these strategies willingly:

#### **Address Issues Directly:**

Identify problematic behaviors and their consequences if they persist. Be authentic in explaining why addressing these issues is essential for the community's well-being.

#### **Explain Intentions:**

Clarify the authority that the board derives for rule governance to dispel doubts. Residents should understand that rule enforcement aims to inform and benefit, not intimidate.

#### **Create a committee:**

Establish a committee composed of homeowners who aren't on the board and have no familial ties to board members. This committee can assist in evaluating the need for new rules objectively.

#### **Ask for Input:**

Don't rush rule creation. Gather information, discuss, and debate resident input before finalizing any rule. Residents should feel heard and included in the process.

#### **Give Notice:**

Provide advance notice of proposed rules and allow residents 15-30 days to respond. Transparency in the rule-making process fosters resident cooperation.

#### **Communicate Well and Often:**

Consistent communication is vital. Regularly remind homeowners about new rules through annual notices, newsletters, and community websites.

#### **Rule Enforcement Process:**

Effective rule enforcement is crucial for community harmony. Here are some tips:

#### **Educate Shareholders & Unit Owners:**

From day one, ensure that residents know and understand the house rules fully. Create resident orientation materials to facilitate compliance.

#### **Consistent Enforcement:**

Avoid granting exceptions or preferential treatment to residents based on personal relationships. Consistency in rule enforcement is paramount.

#### **Support Staff:**

Ensure that building staff has the board's support when enforcing rules. Lack of support can demoralize staff and hinder effective enforcement.

### **Transparent Enforcement:**

Residents should understand the enforcement process, including violation letters, penalties, and escalation. Work closely with your management company to ensure compliance with governing documents and local laws.

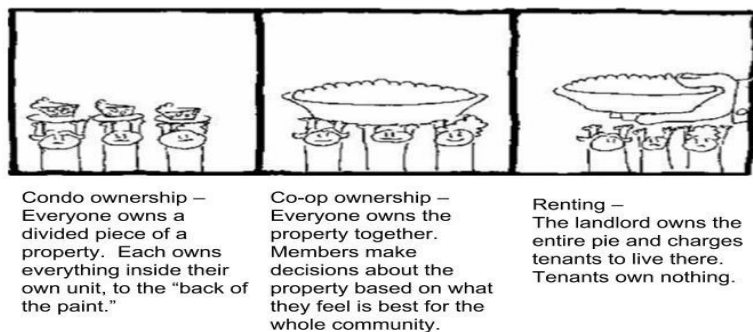
### **Continuous Rule Evaluation:**

Rules can become outdated or irrelevant over time. Regularly review them in collaboration with your attorney and management company:

- Check for changes in state laws that may affect existing rules.
- Assess whether rules improve resident lifestyles and enhance the community's reputation.
- Determine if any rules have become obsolete.
- Ensure that rules remain relevant to all residents.

If you revise or remove rules, clearly communicate the changes and their reasoning to residents.

## **Housing Co-ops are Corporations too**



Cartoon courtesy of Northcountry Cooperative Development Fund

### **Questions**

#### **Strategies for Voluntary Compliance**

Voluntary compliance is the ideal scenario.

For a cooperative community. Let's explore strategies to encourage residents to follow the rules willingly.

1. What are some proactive approaches for addressing rule violations before they occur?
2. How can boards help residents understand the authority behind rule creation and enforcement?
3. What role can committees play in the rule-making process, and why is resident input important?
4. Why is clear communication essential when introducing new rules to residents?
5. What are the best practices for consistent and transparent rule enforcement?

In conclusion, cooperative rules are the foundation of a harmonious and well-maintained community. A systematic approach to rule creation, clarity in communication, and consistent enforcement are vital to ensuring residents understand and comply with these rules. Cooperative communities can thrive by fostering voluntary compliance and continuously evaluating and updating rules while protecting their residents' investments.

# Cooperative Directors

## *Asking Necessary Questions*



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## **Chapter 12**

### ***Cooperative Finance***

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## **Chapter 12**

### **Cooperative Finance**

## CHAPTER 12: NAVIGATING FINANCES: A BOARD'S GUIDE

### 12.1 Financial Management: Safeguarding Your Community's Wealth

Welcome to the financial heart of your cooperative community! As a board member, your role in managing the association's finances is pivotal. Think of yourself as the guardian of your community's financial well-being. Let's dive into this world of numbers and responsibility with an engaging twist.

#### **Why Finances Matter:**

You're not just juggling numbers; you're shaping your community's future. Here's why it's exciting:

- **Protecting Assets:**  
Imagine it's a chessboard, and your cash assets are your queen. Safeguard these assets through prudent financial policies and investments. For example, implementing checks and balances procedures and conservative investment policies is like placing guards around your queen.
- **Securing Property:**  
Think of your association's property as the crown jewels. Adequate insurance coverage is your fortress protecting these treasures. Without the right coverage, your crown jewels could be vulnerable to unforeseen disasters.
- **Smart Risk Management:**  
Think of it as a strategic game. You're the mastermind behind risk management policies, ensuring your community faces fewer financial battles. Like a chess player, anticipate potential risks and plan your moves accordingly.
- **Income Protection:**  
Your consistent collection policies are like knights guarding the kingdom's treasure. They keep the income flowing. Without these policies, your community's financial stability could be at risk.
- **Liability Defense:**  
Think of informed decision-making as your shield against unexpected attacks, securing your community against liability. By making informed decisions, you're protecting your community from legal troubles.
- **Preventing Waste:**  
You're a detective exercising due diligence to prevent waste and corruption. Sherlock Holmes would be proud! Your careful oversight can save your community from financial mismanagement.
- **Property Maintenance:**  
Picture your community as a beautiful garden. Proper maintenance is your secret to preserving its value. Neglecting maintenance can lead to decreased property values over time.

## **Budgeting as a Creative Art:**

Budgeting isn't just crunching numbers; it's painting a picture of your community's financial future. Here's your artistic palette:

- **Objective Approach:**

Approach budgeting methodically, blending historical data with research. It's like creating a canvas with precision strokes. Avoid making budgeting decisions based on assumptions alone.

- **Expense Realism:**

Avoid wishful thinking. Don't assume low expenses just because the property looks good. The weather might surprise you! Realism in budgeting ensures you have the necessary funds for all contingencies.

- **Inclusive Budgeting:**

Like inviting characters into your story, include all taxes, insurance premiums, and expected defaults in your budget. This comprehensive approach prevents surprises down the road.

- **Income Projection:**

Expect that not all residents will pay on time. It's like a subplot – some plot twists can affect your cash flow. Accounting for late payments in your budget makes you better prepared to manage cash flow.

- **Long-Term Vision:**

Like plotting a series, consider multi-year budgets to avoid surprise financial cliffhangers. Long-term planning ensures your community's financial stability beyond the current year.

## **Question FINANCES OVERVIEW:**

1. How can the board ensure that cash assets are protected effectively through checks and balances procedures?
2. What steps can the board take to ensure the association has adequate insurance coverage for its physical assets?
3. Why is it essential to develop the budget objectively based on historical data and research?
4. Why are reserve funds crucial for a community association's financial planning?
5. What are some common federal and state regulations that community associations must consider when managing their finances?

## 12.2 • Finance Reserves:

Imagine reserves as the treasure chest of your community. Here's how to manage them like a true explorer:

- **Reserve Specialists :**  
Think of them as the cartographers of your financial world. They create reserve studies, guiding your path. Reserve specialists, also known as Reserve Study Professionals, are experts in assessing the expected life and costs of significant components of your community.
- **Updated Treasure Maps:**  
Just like explorers need updated maps, your community should regularly update its reserve studies. Over time, conditions and prices change, making regular updates essential for accurate financial planning.
- **Investing Wisely:**  
It's your treasure, so protect it. Get financial guidance to maximize returns while safeguarding the principal. Investment decisions should align with your community's risk tolerance and long-term financial goals.
- **Avoid Surprise Expenses:**  
With reserve funds, you won't stumble upon hidden expenses or need to borrow. It's like having a financial safety net. Reserve funds are your community's financial cushion against unexpected expenditures.
- **Review, Review, Review:**  
Keep your treasure map (reserve study) up to date. It ensures you don't miss valuable clues about future expenses. Regularly reviewing and updating your reserve study is essential to maintain accurate financial projections.

### **Reserve Fund Setup: The Journey Begins**

Embarking on the journey to set up a reserve fund? Here's your road map:

- **Owner Buy-In:**  
Like assembling a team for an expedition, get owners on board by explaining the importance of reserves. Highlight legal requirements and benefits. Owners should understand that reserves are not an additional expense but a safeguard against future financial strain.
- **Specifying Components:**  
Create a list of common area components and their replacement timelines. It's like sketching the itinerary for your journey. This list helps you identify what needs to be budgeted for in the future.
- **Choose a Funding Strategy:**  
Decide on full funding, baseline funding, threshold funding, or statutory funding, depending on your association's goals. Each strategy has its advantages and aligns with different financial philosophies.

- **Frequency of Studies:**

Experts suggest reviewing or updating reserve studies every one to five years, depending on your community's age and needs. Frequent updates ensure your financial plans stay accurate and relevant.

- **Use Studies to Educate:**

Share reserve study findings with owners to help them understand your financial landscape. Transparency is your guide. Educating owners about the reserve study results fosters trust and awareness.

### **Investment Wisdom: Your Financial Advisors**

Investments are the treasures you're safeguarding. Here's how to handle them:

- **Written Investment Policy:**

Think of it as your financial compass. This policy ensures consistent and prudent investment decisions. It defines your community's approach to investing, considering safety, liquidity, yield, and risk tolerance.

- **Safety, Liquidity, and Yield:**

Balance your investments like a seasoned sailor. Prioritize safety, liquidity, and yield while considering inflation and interest rates. Your investment decisions should align with your community's financial objectives.

### **Defining Reserve Fund Use: It's Not What You Think**

Reserve funds have a specific purpose. Let's clear the confusion:

- **Repair and Replace:**

The primary aim of reserves is to repair and replace common elements, not to add new features. Reserve funds are not meant for funding new projects or enhancements.

- **Covering Unexpected Costs:**

While some flexibility is acceptable, reserves shouldn't fund pet projects or parties. They exist to address unforeseen expenses, such as replacing a failing roof or a damaged boiler.

- **Proper Funding:**

Don't underfund reserves. Calculate their amount carefully and create a plan to build them up. Underfunding reserves can lead to financial instability and the need for special assessments.

### **Determining the Right Reserve Level: A Precise Art**

The science behind reserves isn't one-size-fits-all. Tailor your reserves to your community:

- **Calculation Magic:**

Calculate reserves based on expert estimates and create a funding plan to ensure their adequacy. This calculation involves estimating major components' remaining useful life and replacement cost.

- **Regular Updates:**

Revisit your reserves regularly, especially if you anticipate changes in expenses. Updating your reserve study ensures that your community remains financially prepared for future expenditures.

**Questions FINANCE RESERVES:**

1. Why is protecting property values a primary duty of the board?
2. Why is it crucial to update reserve studies regularly, and what factors can prompt these updates?
3. What responsibilities does the board have when investing reserve funds?
4. How can the board ensure that owners understand the importance of reserve funds and their legal requirements?
5. What factors should the board consider when calculating the ideal reserve level for their community?
6. What is the primary purpose of reserving funds, and how can boards ensure they are used correctly?

**Conclusion: Financial Mastery for Community Prosperity**

Congratulations! You've just unlocked the treasure chest of financial wisdom for your cooperative community. As a board member, you play a vital role in ensuring its financial health and well-being. Embrace the challenges, seek professional guidance, and paint a vibrant financial future for your community. Remember, you're not just managing finances but crafting a legacy.



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## *Chapter 13*

### *Working with Professionals*

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## **Chapter 13**

### **Working with Professionals**

## 13 WORKING WITH PROFESSIONALS



Welcome to Chapter 13, where we explore the critical roles that professionals play in the success of community associations. These experts are like the pillars supporting the structure of your community, ensuring it stands strong and functions smoothly. In this chapter, we'll delve into each professional's role, the benefits they bring, and how to make the most of these essential partnerships.

### 13.1 •The Attorney: Guiding Your Legal Journey

#### **Choosing the Right Legal Expert:**

Selecting the right attorney for your community association is a decision of utmost importance, akin to choosing a trusted captain for your ship. Associations are advised to select attorneys with expertise in community association law. Why? Because these legal specialists have a deep understanding of the unique requirements and challenges that community associations face. They are well-versed in governing documents, state laws, and regulations that govern your community.

#### **Fostering Effective Collaboration:**

Once you've found the right attorney, it's crucial to establish a productive working relationship. This partnership should resemble a well-orchestrated symphony, where the association manager and attorney play harmonious notes. Clear communication and collaboration are essential. To streamline this, designating one point of contact within the board can help ensure that information flows smoothly, reducing the risk of misunderstandings and controlling legal fees.

#### **Legal Support Services:**

Attorneys offer a broad spectrum of services crucial for community associations. Let's delve into these:

1. **Reviewing Documents:**

Your attorney plays a crucial role in reviewing governing documents, proposed rules, and contracts with other service providers. They ensure these documents align with legal requirements, protecting the association's interests and ensuring compliance.

2. **Providing Legal Opinions:**

Attorneys offer guidance and advice on all matters related to the association. This ensures that the board makes informed decisions based on the legal implications of their actions. Whether interpreting complex legal jargon or navigating potential legal pitfalls, your attorney is your guiding light.

3. **Educating:**

Attorneys attend meetings to answer questions, explain complex concepts or documents, and provide information to homeowners or board members. They help stakeholders understand their rights and obligations, fostering a more informed and empowered community.

4. **Collecting Delinquent Assessments:**

Regarding finances, attorneys handle routine demand letters, file liens, initiate foreclosure proceedings, and even pursue litigation when necessary to ensure the association receives the assessments owed. They are your financial guardians.

5. **Enforcing Deed Restrictions:**

Maintaining community standards is vital, and attorneys play a crucial role here. They write and send routine demand letters, file lawsuits, and litigate when necessary to enforce deed restrictions, preserving the integrity of your community.

6. **Litigating:**

Legal matters can sometimes lead to litigation. Attorneys represent the association in legal proceedings such as collections, enforcement of deed restrictions, and defense of the board. Their expertise protects the association's interests in these complex legal battles.

By understanding and maximizing the role of your community association's attorney, you ensure that your community is legally compliant, protected, and well-informed.

**Questions The Attorney: Guiding Your Legal Journey**

1. Why must a community association choose an attorney with expertise in community association law?
2. How can a positive working relationship between the association manager and attorney benefit the community association?
3. What steps can the board take to ensure clear and efficient communication with the association's attorney?
4. Why is it important to remember that the association's attorney represents the association as a whole, not individual board members or homeowners?
5. How can attorneys support community associations in reviewing documents and providing legal opinions?
6. In what ways can attorneys educate homeowners and board members about their rights and obligations within the community?
7. When might an attorney need to be involved in collecting delinquent assessments, and what actions can they take to address this issue?
8. What role do attorneys play in enforcing deed restrictions and maintaining community standards?
9. How can attorneys protect the association's legal and litigation interests?

## 13.2 •The Certified Public Accountant: Mastering Financial Health

### Understanding Their Role:

While your association might have someone handling day-to-day bookkeeping, a Certified Public Accountant (CPA) brings a higher level of financial expertise to the table. Think of them as financial navigators, helping steer your association through budgeting, financial reporting, and auditing complexities.

### Financial Services in Detail:

CPAs offer a diverse range of financial services tailored to your community association's needs:

1. **Providing Written Reports:**

One of their primary roles is conducting audits, transition audits, reviews, compilations, and budgeting. They also provide expert testimony, helping ensure accurate financial reporting and analysis.

2. **Providing Services:**

CPAs assist in developing accounting policies and procedures, creating accounting manuals, and designing internal control systems. They help formulate investment policies, evaluate, select, and implement accounting software, and prepare monthly or quarterly financial statements.

3. **Consulting and Advising:**

Education is a vital aspect of their role. CPAs educate and train board or committee members on technical and financial matters. They make presentations at meetings to explain financial concepts or reports and evaluate and explain the work of other professionals, such as engineers. They provide guidance on replacement funding strategies, assist in budgeting and long-term financial planning, help obtain financing, and offer the association general business and financial advice.

With a CPA by your side, your community association gains financial wisdom and a deeper understanding of its fiscal health.

### **Questions The Certified Public Accountant: Mastering Financial Health**

1. What is the role of a Certified Public Accountant (CPA) in a community association, and how does it differ from day-to-day bookkeeping?
2. How can a CPA's expertise in financial matters benefit the financial health of a community association?
3. What types of financial reports and services can CPAs provide to community associations?
4. How can CPAs assist in developing accounting policies and procedures for an association?
5. What is the importance of consulting and advising services provided by CPAs to community associations?
6. How can CPAs contribute to long-term financial planning for a community association?

7. Why might it be necessary for a community association to conduct an annual audit, and how can a CPA assist in this process?
8. In what ways can CPAs offer general financial advice to the association?
9. How do CPAs promote financial transparency and accountability within the association?

### 13.3 •The Insurance Agent: Safeguarding Your Community

#### **Expertise in Community Associations:**

Insurance agents specializing in community associations are your community's shield against the unpredictable. They possess specialized knowledge of the insurance needs and challenges specific to community associations.

#### **Navigating the Role of Insurance Agents:**

Understanding the scope of their role is crucial:

##### **Reviewing Association Documents:**

Agents review your association's governing documents, helping recommend legal minimum insurance requirements and additional coverage based on your unique needs.

##### **Inspecting the Community:**

They conduct physical inspections of your community to identify potential risks and exposures that need to be addressed through insurance coverage. Think of them as detectives identifying hidden risks.

##### **Verifying Property Values:**

Agents ensure accurate valuation of your association's properties. They do this by using appraisal services, surveys, or other reliable methods to determine replacement or reproduction costs.

##### **Reviewing Fidelity Bond Coverage:**

Financial integrity is crucial. Agents review your association's fidelity bond coverage, ensuring that all parties with access to the association's assets are included in the definition of an employee. This includes board members, committee members, and managers.

##### **Assisting with Lending Institution Guidelines:**

If lending institution guidelines aren't specified in your governing documents, agents guide your association in understanding and selecting an appropriate bond limit.

##### **Selecting the Best Insurance Program:**

They obtain premium quotations and help the board select an insurance program that aligns with your association's needs, considering coverage options, costs, and overall risk management.

**Educating Residents:**

Insurance agents explain the association's insurance coverage to residents in clear and understandable terms. They highlight where the association's coverage ends and where residents' and owners' responsibilities begin, promoting transparency.

**Providing Additional Coverage Options:**

Beyond standard coverage, agents may offer unit owners special coverage and reduced rates for their individual needs and preferences, ensuring that all community members have access to appropriate protection.

**Facilitating Insurance Requirements:**

Agents provide certificates of insurance or evidence of coverage promptly when needed, ensuring that all contractual obligations are met.

**Assisting with Claims Procedures:**

In the unfortunate event of a claim, agents assist the board in drafting clear claims procedures. They may even create a claims procedure manual to ensure a smooth and efficient process.

**Customizing Risk Management Programs:**

Agents help your association establish effective risk management programs tailored to your specific needs. This includes identifying and addressing potential risks and implementing proactive measures to minimize them.

**Recommending Claim Reduction Strategies:**

By annually reviewing your association's claims history, agents provide valuable recommendations on how to reduce claims and mitigate potential risks.

Insurance agents serve as your community's safety net, ensuring you are prepared for unexpected events while promoting financial stability.

**Questions The Insurance Agent: Safeguarding Your Community**

1. Why is it important for insurance agents working with community associations to have specialized knowledge of the unique insurance needs and challenges faced by these associations?
2. What role do insurance agents play in reviewing association documents, and why is this step crucial?
3. How can insurance agents assist in identifying potential risks and exposures within a community that needs insurance coverage?
4. What methods do insurance agents use to verify property values for insurance purposes?
5. Why is it essential to review fidelity bond coverage, and how do insurance agents ensure all relevant parties are included?
6. How can insurance agents help associations understand lending institution guidelines and select appropriate bond limits?
7. What factors should be considered when selecting the best insurance program for a community association?

8. How do insurance agents educate residents about their insurance coverage responsibilities?
9. What additional coverage options might insurance agents offer to unit owners in a community association?

### 13.4 •The Reserve Specialist: Preserving Your Assets

#### **Hiring the Right Reserve Expert:**

Reserve Specialists are your community's architects, ensuring that your physical assets are preserved for generations to come. It's crucial to hire the right expert for this task, and here's why:

##### **Detailed Reserve Studies:**

Comprehensive reserve studies can be likened to a roadmap for your community's financial future. While these studies might incur costs, they invest in your community's longevity. The more detailed the study, the more accurately it reflects your community's needs.

##### **Cost Considerations:**

The cost of a reserve study can vary widely depending on your community's complexity. Cooperatives, for instance, with a multitude of components, can incur higher costs. However, this expense is necessary, as it provides invaluable insights into your community's financial health and future obligations.

##### **Expertise Matters:**

The average person may not understand the useful life of various building components or the cost of replacing them. That's why it's essential to hire an expert who specializes in association reserve studies. These professionals employ software that calculates the helpful life of every aspect of your community's structure, from roofs to water heaters.

#### **Selecting Contractors Ethically:**

Your community often relies on contractors for various services, making ethical considerations during the selection process crucial:

##### **Conflict of Interest:**

Board members must remain impartial when selecting contractors, avoiding conflicts of interest that could compromise the association's interests. For example, a board member who owns a lawn care company should recuse themselves from decisions related to lawn care services to ensure fairness and transparency.

##### **Bid Specifications:**

Before selecting a contractor, your association must define and specify the required services or products in writing. These bid specifications provide contractors with accurate information and allow them to submit competitive bids tailored to your needs.

By working collaboratively with professionals such as managers, attorneys, accountants, insurance agents, and reserve specialists, your community association can ensure seamless operations, legal compliance, and financial prosperity, benefiting the entire community.

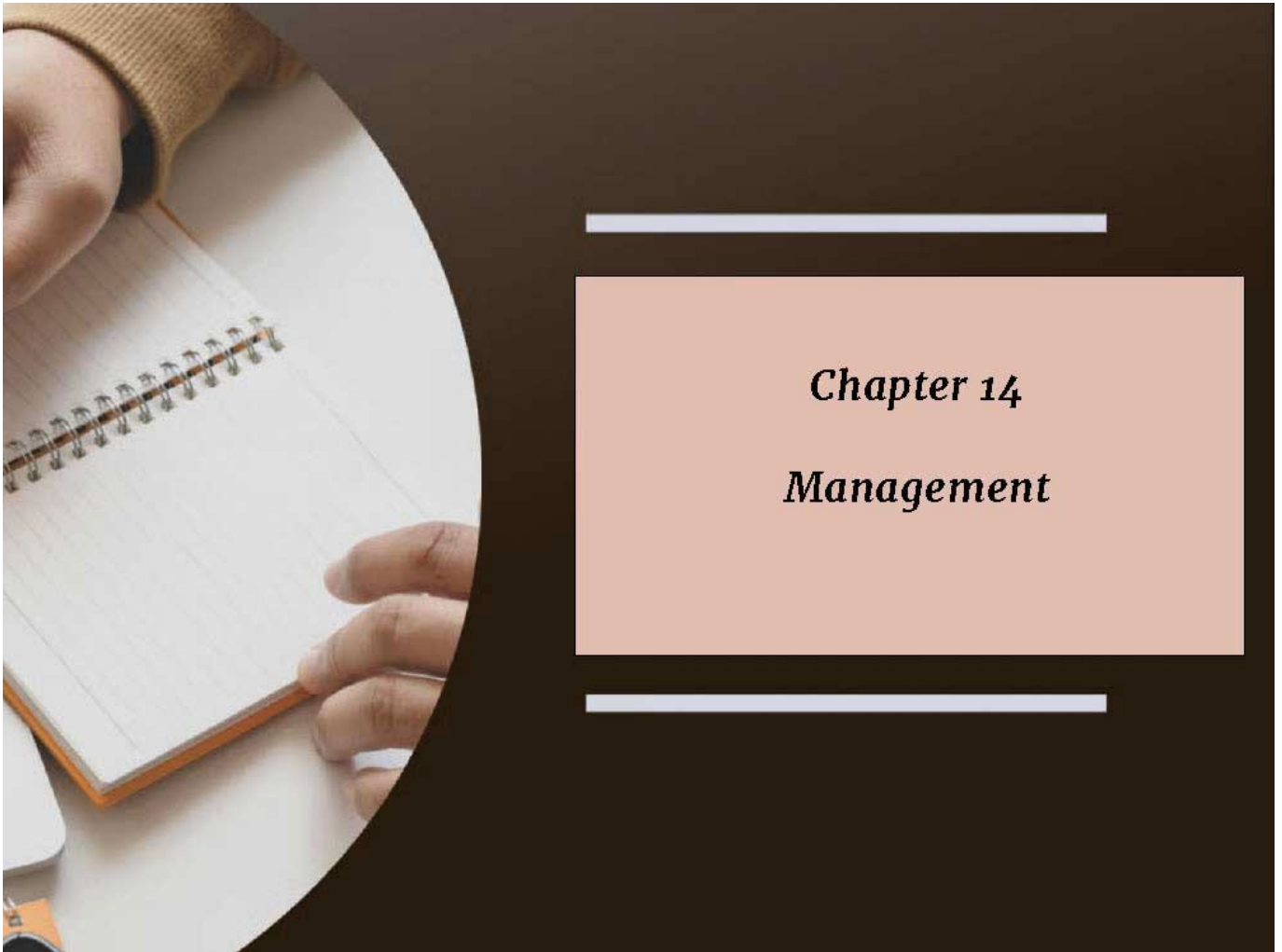
### **Questions The Reserve Specialist: Preserving Your Assets**

1. Why are reserve specialists important for community associations, and what is the purpose of a reserve study?
2. What factors can affect the cost of a reserve study, and why is it considered a necessary investment?
3. How does a reserve specialist's expertise contribute to a reserve study's accuracy?
4. What is the significance of having a detailed and comprehensive reserve study for a community association?
5. How can reserve specialists help community associations plan to replace and maintain physical assets?
6. Why is it important for community associations to hire reserve studies experts rather than rely on board members' or laypersons' assessments?
7. What role do reserve specialists play in ensuring community associations' long-term financial health and sustainability?
8. How can community associations benefit from the insights provided by reserve specialists in terms of future obligations and financial planning?

### **Conclusion: Building Strong Foundations**

In conclusion, these professionals are the backbone of your community association, providing expertise, guidance, and services that are indispensable for its success. Whether it's the legal protection offered by attorneys, the financial wisdom of CPAs, the safeguarding of assets by insurance agents, or the preservation of your community's future through reserve specialists, these experts are your allies.

By nurturing these professional relationships and tapping into their knowledge, your community association can thrive, achieving legal compliance, financial well-being, and enduring harmony for all residents.



## **Chapter 14 Management**

## CHAPTER 14 MANAGEMENT

### 14.1 •Management Overview:

#### **Management Overview: A Pillar of Cooperative Success**

To achieve success, housing cooperatives require effective management at their core. This often involves entrusting professionals or management companies with the day-to-day responsibilities of running the cooperative. In this section, we delve into the critical aspects of cooperative management, emphasizing the collaborative relationship between the board and management.

#### **The Essence of Management:**

While governance lies primarily within the purview of the board, effective management is vital for the seamless day-to-day operations and realization of the cooperative's objectives. The board and management must operate in synergy, each contributing to the cooperative's overall triumph.

Management teams are responsible for translating the board's decisions and strategies into practical actions, executing operational plans, and overseeing the cooperative's various functions. They are answerable for the organization's performance, financial management, HR, program delivery, and relationships with stakeholders.

To ensure effective management, the board should focus on several key aspects:

- **Providing Clear Direction:**  
The board must communicate the organization's mission, vision, and strategic goals effectively to the management team. This clarity aligns management's activities and decision-making with the cooperative's objectives.
- **Hiring and Supporting the Chief Executive:**  
The board is responsible for recruiting and assisting the chief executive or executive director. This leader is pivotal in guiding the organization, managing staff, and implementing the board's decisions.
- **Performance Monitoring:**  
Establishing performance indicators and regularly assessing the organization's performance is essential. Management should furnish the board with reports highlighting achievements, challenges, and opportunities.
- **Financial Management:**  
The management team bears the responsibility for financial stewardship, budgeting, and fiscal management. They should provide accurate financial reports, ensure compliance with financial regulations, and establish robust internal controls. The board should scrutinize financial reports and provide oversight to safeguard the cooperative's financial health.
- **Staff Development:**  
Staff recruitment, retention, professional development, and performance evaluation policies should be established to support the development and well-being of the organization's team.

- **Stakeholder Relationships:**

Management is tasked with maintaining positive relationships with various stakeholders. The board must ensure management has the necessary resources and support to engage effectively with stakeholders and represent the cooperative's interests.

- **Risk Management:**

The management team should identify and mitigate risks that could impact the cooperative's operations and reputation. Developing risk management plans, implementing internal controls, and regularly assessing potential risks are crucial. The board should provide guidance and oversight to ensure the effectiveness of these risk management practices.

- **Professional Managers:**

The Right Hand of the Board: Professional managers are instrumental in implementing the board's policies and directives. They offer invaluable support in numerous ways, including managing human resources, coordinating maintenance activities, advising on regulatory issues, and fostering member/board communication.

In summary, effective management is the linchpin of a thriving cooperative. By fostering a collaborative partnership between the board and management, cooperatives can ensure they are well-positioned to fulfill their mission and serve their members effectively.

### **Questions for Reflection:**

1. How can the board communicate the cooperative's mission and vision to the management team?
2. What are the essential qualities and responsibilities of a successful chief executive or executive director in a cooperative?
3. Why is financial management crucial in cooperative housing, and what steps can the board take to ensure sound fiscal oversight?
4. How can staff development contribute to the cooperative's success, and what policies should be in place to support staff growth?
5. What strategies can management employ to maintain positive relationships with stakeholders and represent the cooperative's interests effectively?
6. Why is risk management essential in cooperative operations, and how can the board collaborate with management to mitigate potential risks?
7. In what ways can professional managers support the board in implementing policies and ensuring the cooperative's success?

## 14.2 •Management Role:

In this section, we explore management's intricate role in the cooperative environment, acknowledging the distinctive challenges and considerations inherent to cooperative management. We delve into the core principles guiding cooperative managers and examine how they shape their responsibilities and objectives.

### **Unique Dimensions of Cooperative Management:**

Managing a cooperative presents a distinct challenge that sets it apart from managing other types of businesses. While decision-making techniques may align, the cooperative's objectives differ fundamentally, leading to divergent managerial conclusions.

Cooperative managers must cultivate a nuanced understanding of the following perspectives to excel:

- **Adjusting Decision-Making to a Member-Owner Business:**  
In a cooperative, where customers are also owners, conventional business strategies may not apply. Managers must prioritize what is best for the customer-owner, which, in turn, is best for the cooperative. This shift in perspective explains why cooperatives often provide low-margin services and have limited flexibility in choosing suppliers.
- **Dealing With Equitable Treatment of Owner-Patrons:**  
Cooperative managers grapple with complexities surrounding equitable financing. They must communicate the responsibility of member-owners to share equitably in financing the cooperative and develop acceptable financing programs.
- **Working in a Service-Oriented Environment:**  
Cooperatives are founded to provide essential services, making every interaction with members a potential evaluation of the cooperative's performance. Managers operate in an environment where members assess their service quality directly, requiring adept communication and responsiveness.
- **Ownership and Control Implications:**  
Cooperative managers never acquire ownership rights and must embrace their role as employees. They also need to involve a majority of member-owners in significant decisions, emphasizing democratic control.

Cooperative management differs significantly from traditional business management due to these unique factors. Prospective cooperative managers must carefully consider their management style and personal motivations in light of cooperative ownership and democratic control.

## **Resources to Management:**

Like any business, cooperatives must manage three core resources: people, capital, and facilities.

### **People:**

People are the most critical resource in a cooperative. Competent personnel working together efficiently are vital to success. Managers must place great importance on training, as it is crucial in enhancing customer relations, educating members about cooperative practices, and effective board collaboration.

Personnel management encompasses various aspects, including recruitment, training, evaluation, compensation, and motivation. A skilled workforce contributes significantly to a cooperative's overall performance.

### **Capital:**

Financial management is pivotal for cooperatives. It involves managing assets and liabilities, maintaining equity capital, and securing favorable long-term financing. Continuous financial analysis is required to ensure the cooperative's financial position aligns with its objectives.

### **Facilities:**

Cooperative assets often include buildings and equipment, making facility management crucial. This encompasses maintenance, improvements, cost tracking, preventive maintenance, ground upkeep, insurance, asset disposal, and compliance with regulations.

## **Management Functions:**

Overall, management can be divided into four essential functions: planning, organizing, motivating, and controlling.

- **Planning:**

Planning determines the organization's direction, objectives, and approach to achieving them. It also considers various alternatives, aligning activities with economic and competitive realities while adhering to cooperative principles and objectives.

- **Organizing:**

Organizing involves structuring activities, assigning responsibilities, and facilitating coordination among individuals and groups. It ensures that planned objectives translate into actionable projects.

- **Motivating:**

Motivation focuses on the people-centric side of cooperative management. Leadership, communication, and the ability to influence members and employees play a pivotal role. Effective communication fosters coordination and efficiency.

- **Controlling:**

Control involves monitoring progress against planned activities. If setbacks occur, adjustments are made promptly. This continuous review and adaptability are essential to cooperative management.

### **Questions for Reflection:**

1. How does a cooperative manager's perspective on decision-making differ from that of a manager in a traditional business?
2. What unique challenges do cooperative managers face regarding equitable treatment of owner-patrons, and how can these challenges be addressed?
3. How does the service-oriented nature of cooperatives impact the working environment for managers, and what strategies can be employed to ensure effective member relations?
4. Why is the concept of ownership and control significant in cooperative management, and how can managers involve a majority of member-owners in major decisions?
5. What are the core resources that need to be effectively managed in a cooperative, and how can managers ensure their efficient utilization?

### **14.3 •The Selection Process:**

#### Selecting the Right Management: A Cooperative's Imperative

Choosing the right professionals or management companies to oversee the daily operations of a cooperative is a pivotal decision. This section outlines the key factors to consider during the selection process, clarifies the roles of various stakeholders, and provides insight into preparing and evaluating requests for property management services.

### **Factors in Selecting Management:**

Selecting qualified community association management professionals, whether on-site managers or management companies, demands meticulous consideration. The chosen management entity will significantly influence the cooperative's functionality and success. Here are some critical factors to weigh:

- **Experience and Expertise:**

The management entity's experience in cooperative housing is paramount. A proven track record of success in managing cooperatives or similar housing entities is indicative of their ability to handle the unique challenges that cooperatives present.

- **Reputation and References:**

Check references and gather feedback from other cooperatives or associations the management entity has served. Assess their reputation for reliability, competence, and responsiveness.

- **Resources and Infrastructure:**

Determine if the management entity has the necessary resources, systems, and infrastructure to manage the cooperative effectively. This includes assessing their technology capabilities, accounting systems, and staff resources.

- **Understanding Cooperative Values:**

Ensure that the management entity aligns with cooperative values and principles. Their approach should be member-centric, emphasizing democratic control, transparency, and community building.

- **Cost and Fees:**

Compare the cost of services and fees offered by different management entities. Be sure to understand their fee structure and how it aligns with the cooperative's budget.

### **The Board's Role in the Selection Process:**

The board plays a central role in the selection process of cooperative management. Their responsibilities include:

- **Determining the Need:**

The board must first evaluate the cooperative's needs and determine whether external management is necessary. This decision should be based on a thorough assessment of the cooperative's capacity to handle operations in-house.

- **Preparing the RFP (Request for Proposals):**

If the decision is to seek external management, the board is responsible for preparing the RFP. This document outlines the cooperative's requirements, expectations, and criteria for selecting a management entity. It should be clear, comprehensive, and transparent.

- **Reviewing Proposals:**

The board evaluates the proposals submitted by potential management entities, considering factors such as experience, qualifications, references, and cost.

- **Interviewing Candidates:**

In some cases, the board may conduct interviews with shortlisted candidates to gain a better understanding of their capabilities and approach.

- **Making a Selection:**

After careful evaluation, the board selects the management entity that best aligns with the cooperative's needs and values.

### **Preparing an RFP:**

Creating an effective RFP is a critical step in the selection process. An RFP should include the following elements:

- **Introduction:**

Provide an overview of the cooperative and its objectives.

- **Scope of Services:**

Clearly define the services the cooperative is seeking from the management entity.

- **Qualifications and Experience:**

Specify the qualifications and experience required of the management entity.

- **Selection Criteria:**  
Outline the criteria used to evaluate proposals, such as experience, references, cost, and alignment with cooperative values.
- **Timeline:**  
Specify the timeline for the selection process, including submission deadlines and the expected date of selection.
- **Expectations:**  
Clearly communicate the cooperative's expectations regarding communication, reporting, and performance.

## 6-step RFP response process

Be more proactive (and less reactive) with this 6-step RFP response process that helps you build a collaborative workflow with your response management team.



### **Evaluating Proposals:**

When evaluating proposals, consider the following:

- **Experience and References:**  
Assess the management entity's experience in cooperative housing and contact references to gather feedback.
- **Alignment with Values:**  
Ensure that the management entity's approach aligns with cooperative values and principles.
- **Cost and Fees:**  
Compare the cost of services and fees offered by different candidates, considering how they fit within the cooperative's budget.

- **Technology and Systems:**

Evaluate the technology and systems the management entity uses for efficient cooperative management.

- **Communication and Responsiveness:**

Consider the candidate's communication style and responsiveness to inquiries and concerns.

### **Conclusion for the Selection Process:**

Selecting the correct management entity is a pivotal decision for cooperatives. By carefully considering factors such as experience, reputation, alignment with cooperative values, and cost, the board can make an informed choice that enhances the cooperative's operations and member satisfaction.

### **Questions for Reflection:**

1. What are the key factors when selecting a community association management professional or company for a cooperative?
2. What is the board's role in the selection process, and how can they ensure transparency and fairness?
3. What are the essential components of an effective Request for Proposals (RFP) for property management services?
4. How can a cooperative ensure fairness and transparency in the selection process when dealing with multiple potential suppliers?
5. What criteria should be used to evaluate property management companies, and how can the board make a well-informed decision?

## **14.4 •Evaluating Management by Objectives:**

### Enhancing Cooperative Performance Through Evaluation

Evaluating Management by Objectives (EMBO) is a flexible tool used to assess and enhance management performance in cooperatives. This section explores the EMBO system, its fundamental principles, and the importance of continuous review in optimizing cooperative management.

### **The Evaluating Management by Objectives (EMBO) System:**

The EMBO system is a structured approach to evaluating and improving management performance in cooperatives. It emphasizes precise goal setting, collaboration, and regular assessment. Here are the critical components of the EMBO system:

- **Clear Objectives:**

The EMBO system starts with setting clear and specific objectives for management. These objectives should align with the cooperative's mission, vision, and strategic goals. Objectives are typically established for various areas of management responsibility.

- **Management Commitment:**

In the EMBO system, managers actively commit to achieving the established objectives. They work collaboratively with the board to ensure their activities and decisions support these objectives.

- **Performance Indicators:**

To gauge progress, specific performance indicators are established for each objective. These indicators provide measurable metrics to assess management's performance. They are a critical part of the EMBO framework as they allow for objective evaluation.

- **Regular Assessment:**

The EMBO system emphasizes continuous review and assessment of performance. This involves regularly reporting progress toward objectives, highlighting achievements, identifying challenges, and proposing necessary adjustments or corrective actions.

- **Board Involvement:**

The board plays a central role in the EMBO system by actively participating in the establishment of objectives, reviewing performance reports, and providing feedback and guidance to management.

### **Principles of Control Through Commitment:**

The EMBO system operates on the principles of "control through commitment." This means that instead of rigidly controlling management's activities, the board and management collaboratively commit to achieving objectives. This approach recognizes that cooperative success is best achieved when both parties work together toward common goals.

### **Importance of Continuous Review:**

Continuous review is a cornerstone of the EMBO system. It allows cooperatives to adapt to changing circumstances, seize opportunities, and address emerging challenges. Through regular assessment and adjustment, cooperatives can fine-tune their management practices and enhance their overall performance.

### **Benefits of the EMBO System:**

Implementing the EMBO system offers several advantages for cooperatives:

- **Alignment with Goals:**

The EMBO system ensures that management's activities align closely with the cooperative's strategic goals and mission.

- **Transparency:**

Regular reporting and assessment promote transparency in management practices, allowing the board and members to stay informed about the cooperative's performance.

- **Accountability:**

The establishment of clear objectives and performance indicators enhances accountability for both management and the board.

- **Adaptability:**

Continuous review enables cooperatives to adapt to changing market conditions, member needs, and external factors.

- **Member Satisfaction:**

By focusing on achieving objectives that benefit members, cooperatives can enhance member satisfaction and loyalty.

- **Efficiency:**

The EMBO system encourages efficient use of resources and effective decision-making.

**Conclusion for Evaluating Management by Objectives:**

The EMBO system is valuable for assessing and enhancing cooperative management performance. By setting clear objectives, measuring progress, and promoting collaboration between the board and management, cooperatives can optimize their operations and better serve their members.

**Questions for Reflection:**

1. What are the critical components of the Evaluating Management by Objectives (EMBO) system, and how do they contribute to effective management in cooperatives?
2. How does the principle of "control through commitment" differ from traditional control methods, and why is it relevant in cooperative management?
3. Why is continuous review critical in the EMBO system, and how can it benefit cooperatives?
4. What are the potential advantages of implementing the EMBO system in a cooperative for management and members?
5. How can the EMBO system enhance member satisfaction and loyalty in a cooperative?
6. In what ways can cooperatives use the EMBO system to ensure efficient resource utilization and effective decision-making?



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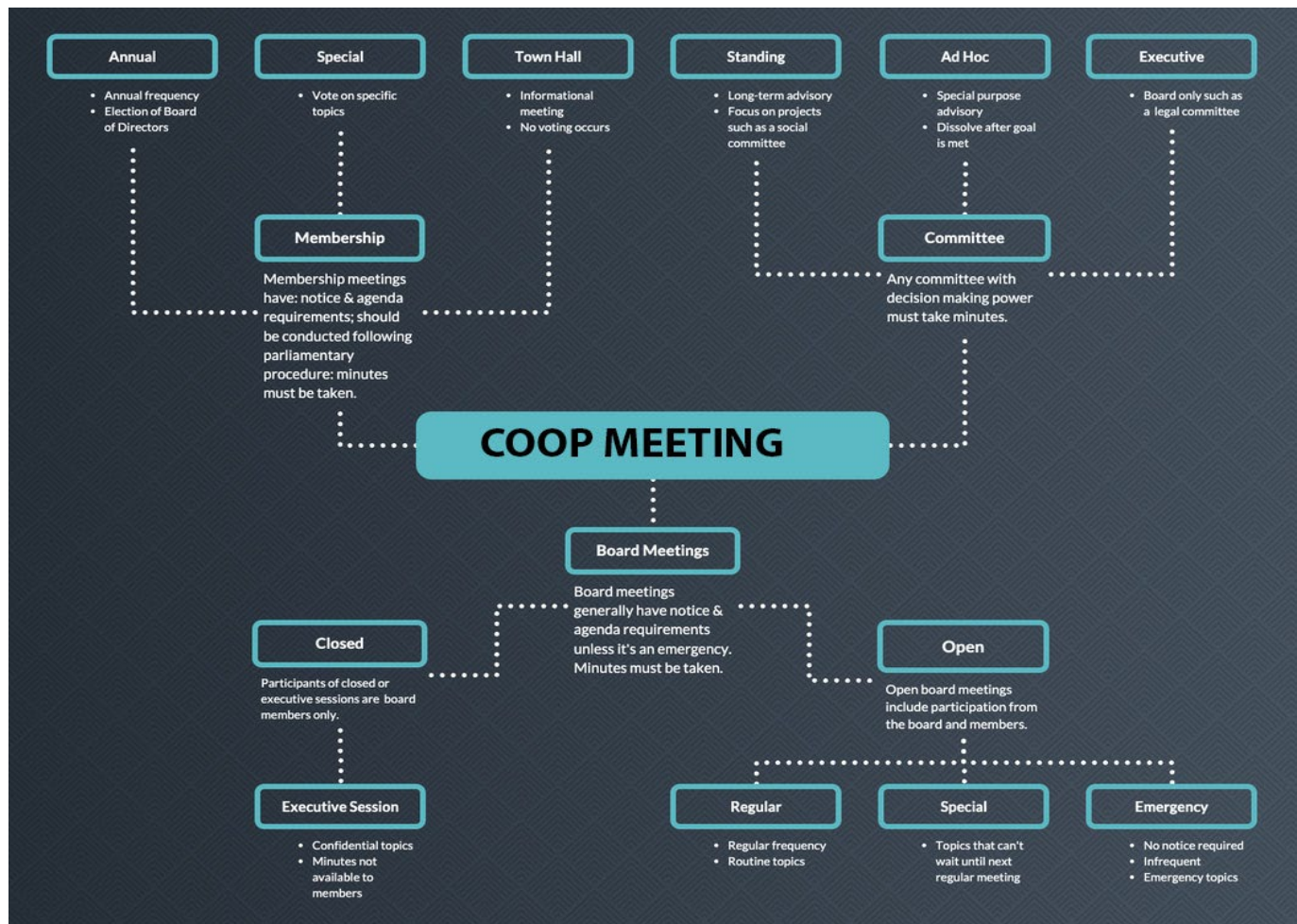
## *Chapter 15*

### *Meetings*

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## **Chapter 15 Meetings**

# MEETINGS



## 15.1 •Meetings Overview: Unleashing the Power of Effective Meetings

Meetings are the lifeblood of any community association, serving as the nexus where decisions are made, policies are set, and residents come together to shape the future of their shared living spaces. In this chapter, we delve into the world of meetings, exploring their significance and offering practical tips to make them not only efficient but also engaging and enjoyable.

### The Importance of Meetings:

Imagine a community association as a bustling marketplace of ideas and decisions, where owners and their elected representatives converge to discuss, decide, and drive the association forward. Meetings are the arenas where these interactions occur and play a pivotal role in shaping the community's trajectory.

### Board Meetings: The Heart of Decision-Making

Board meetings stand at the core of association governance. They must be conducted with precision, fostering productivity, maintaining order, and ensuring transparency. During these meetings, the board's primary functions include setting policies, reviewing operations, resolving disputes, listening to residents, planning for the future, and voting on sensitive matters when necessary.

## **Making the Most of Meetings: Do's and Don'ts**

Effective board meetings require more than just an agenda; they demand a harmonious blend of diverse perspectives and a commitment to advancing the community's interests. Here are some essential do's and don'ts for running stellar board meetings:

### **Do's:**

- Start and end meetings promptly.
- Facilitate introductions for new members or guests with name badges and an introduction period.
- Provide board materials well in advance, including agendas, articles, and resources, to allow ample time for preparation.
- Allocate specific time slots for each agenda item to maintain focus.
- Drive progress and fast-track new initiatives with actionable solutions.
- Keep thorough minutes to track progress and decisions.

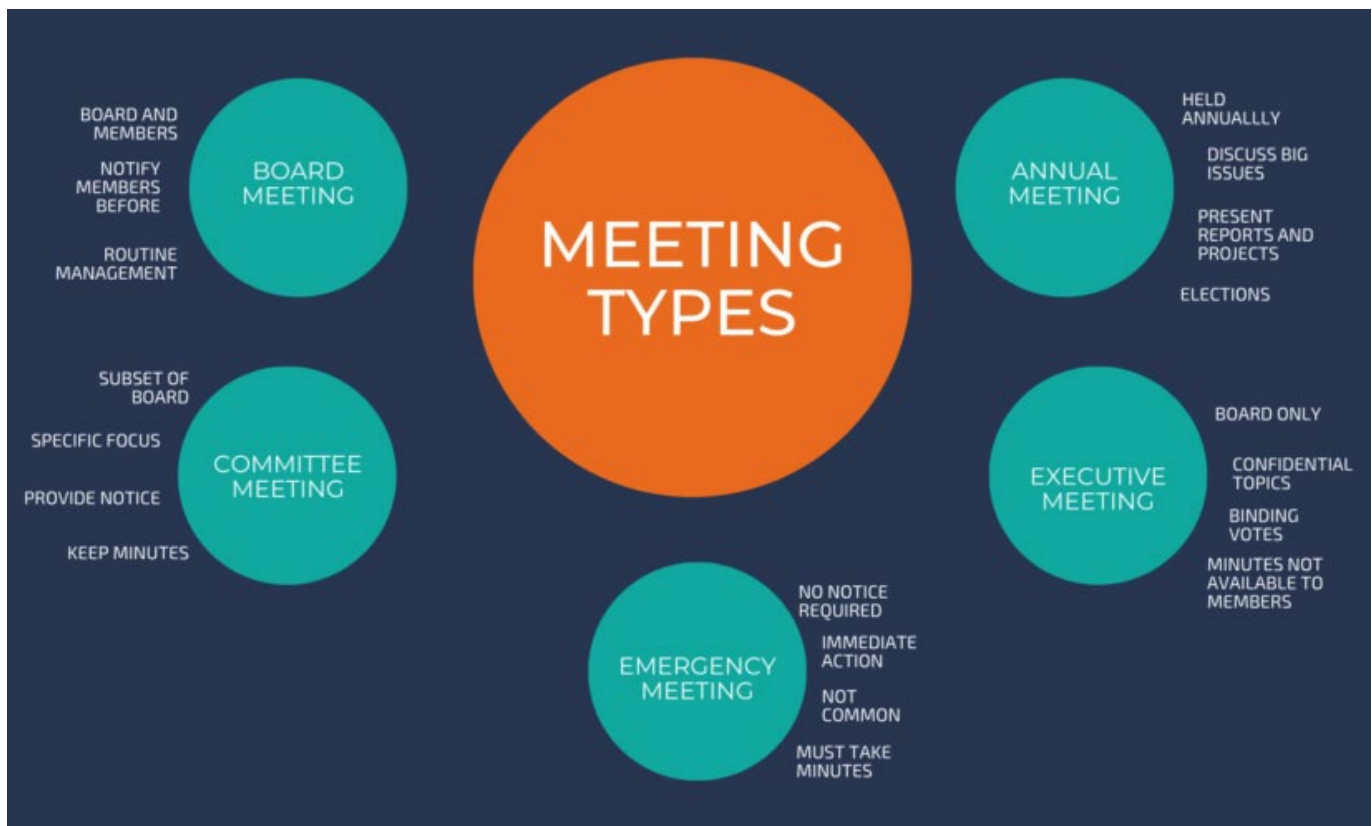
### **Don'ts:**

- Wasting valuable meeting time revisiting decisions or discussions from previous meetings.
- Permit board members to engage in irrelevant conversations.
- Allow the board to delve into day-to-day operations.
- Allow contentious opinions to derail the meeting's progress.

In the world of community associations, effective meetings are akin to well-orchestrated symphonies, harmonizing diverse voices to create a harmonious outcome that benefits all.

### **Questions for Reflection:**

1. Why are meetings crucial for the functioning of community associations, and how do they contribute to the decision-making process?
2. What are the primary purposes of board meetings in a community association, and how can they be optimized for efficiency?
3. What role does transparency play in the success of board meetings, and how can it be maintained?
4. How can diverse board members with varying perspectives work together harmoniously during meetings?
5. Why is it essential for meetings to be productive and results-driven, and what strategies can help achieve this?



## 15.2 •Types of Meetings: Navigating the Meeting Landscape

Community associations host various types of meetings to address specific needs and facilitate different aspects of their operations. This section explores the two primary categories of meetings, annual meetings, and special meetings, shedding light on their purposes and the benefits they offer.

### **Annual Meetings: Building Community and Decision-Making**

Annual meetings serve as the backbone of community associations, offering a unique opportunity for members to come together, strengthen bonds, and actively participate in the association's governance. The critical functions of annual meetings include:

- Presenting the annual budget to members.
- Electing directors to represent the community.
- Delivering committee reports to keep members informed.

Additionally, annual meetings contribute to building a sense of community, allowing neighbors to connect and engage with one another.

### **Special Meetings: Focusing on Specific Issues**

Special meetings, also known as town meetings, are designed to address particular concerns or decisions that require focused attention. These meetings serve several critical purposes:

- Concentrating on a single item of concern or interest.
- Handling sensitive or controversial matters that demand careful consideration.
- Seeking support for significant projects or clarifying unpopular decisions.
- Providing a structured platform for residents to explore issues and voice their opinions.
- Gathering resident feedback before the board takes action, aiming for consensus or issue resolution.

Special meetings serve as strategic tools, offering insight into the character and values of the community while addressing pressing issues effectively.

### **Meeting Requirements: The Foundation of Association Business**

Before any meaningful business can be conducted during meetings, community associations must meet specific criteria:

- **Notify Members:**  
Legal requirements mandate notifying members, especially for annual meetings. Notices should be concise, focused, and issued at the appropriate time and in the proper manner.
  - **Achieve a Quorum:**  
The number of members required to constitute a quorum varies based on governing documents or state law. Ensuring a quorum is present is fundamental before initiating any meeting.
- In essence, these requirements provide the foundation upon which community associations can engage in productive meetings.

### **Questions for Reflection:**

1. How do annual meetings contribute to building a sense of community within a community association?
2. What distinguishes special meetings from regular board meetings, and why are they essential for addressing specific issues?
3. How can community associations ensure that meeting notifications are effective and compliant with legal requirements?
4. What role does achieving a quorum play in the initiation of productive meetings, and how can associations encourage member participation?
5. How do annual and special meetings align with community associations' overall governance and decision-making processes?

### 15.3 •Meeting Basics: Preparing for Success

Effective meetings don't happen accidentally; they require careful planning, organization, and preparation. In this section, we dive into the fundamental aspects of preparing for successful meetings, covering meeting goals, agendas, timing, locations, communication, and more.

#### **Tips for Planning Successful Meetings: The Foundation of Productivity**

Before you dive into your next community association meeting, it's crucial to have a clear roadmap for success. Here are some essential tips for planning and executing productive meetings:

- Set clear meeting goals and define the desired results or actions you expect members to take. Focus on how the meeting can increase member participation in the association.
- Develop an agenda that prioritizes issues of importance to members and incorporates committee reports, officer reports, staff reports, and other relevant items.
- Select a day, time, and location that accommodates the majority of members, considering the possibility of rotating these factors to reach a broader audience.
- Ensure that the meeting venue is comfortable, accessible, and arranged in a way that encourages participation, such as a U-shape or round table setup.
- Distribute meeting notices well in advance, containing crucial details like the date, time, location, topics to be addressed, and possibly a theme or guest speaker. Utilize various communication channels, including written notices, leaflets, newsletters, bulletin boards, email, and the association's website, to boost turnout.
- Be thoroughly prepared to facilitate a smooth and efficient meeting, respecting participants' time by starting and ending punctually.

Successful meetings rely on meticulous planning, which involves aligning objectives with agendas, engaging members, and fostering an environment conducive to constructive discussions.

#### **Questions for Reflection:**

1. Why is it essential to establish clear meeting goals and expected outcomes before planning and conducting a community association meeting?
2. How does developing a well-structured agenda contribute to meeting success, and what items should be included?
3. What factors should be considered when choosing the day, time, and location of meetings to ensure maximum member participation?
4. How can community associations effectively utilize various communication channels to promote meetings and increase attendance?
5. What are the critical responsibilities of meeting facilitators to ensure that meetings run smoothly and efficiently?

## 15.4 •Running the Meeting: Navigating the Meeting Landscape

Once the stage is set with clear goals, well-organized agendas, and suitable locations, it's time to run the meeting effectively. In this section, we explore the fundamental objectives of a successful meeting, emphasizing the importance of balancing information exchange and decision-making.

### **Running The Meeting: Where Information and Decisions Converge**

Meetings within community associations serve two primary functions: facilitating the exchange of information and ideas and reaching a consensus on a course of action. While some meetings may prioritize one purpose over the other, the key lies in striking the right balance between the two.

### **Conducting Effective Meetings:**

- Board meetings are the core arenas where association business takes place. Directors can only conduct association business while meeting as a board and during official meetings. No individual director possesses more authority than any other member to make decisions for the association.
- Board meetings are generally open to association members, providing a platform for the board to communicate decisions and policies while offering members the opportunity to voice their concerns and participate actively.
- Occasionally, executive sessions are held to maintain members' privacy, especially when discussing disputes between members or delinquent payments to the association. Such sessions require strict confidentiality.

An agenda plays a crucial role in maintaining order and purpose during meetings. It outlines the meeting's objectives and the order in which topics will be addressed. To ensure productivity, the most critical items should come first, and items that solely convey information and don't require decisions should be addressed later.

### **Voting And Board Action:**

Votes conducted during meetings are documented in the minutes. Electronic voting may also be conducted via the association's online platform, provided all board members participate.

Completed votes are reflected in a Board Action Memo, which serves as a permanent record and is included in the meeting minutes.

### **Dissemination Of Board Minutes:**

Meeting minutes are shared with the membership after each board meeting within seven days of the vote for approval. Timely dissemination ensures transparency and keeps members informed of association decisions.

In essence, effective meetings are the pulse of community associations, bringing together diverse voices and viewpoints to shape the association's future.

### **Questions for Reflection:**

1. How do board meetings serve as the primary platforms for conducting community association business, and what distinguishes them from other types of meetings?
2. Why is it crucial for board meetings to maintain openness to association members, and how can this enhance member involvement and engagement?
3. What role does an agenda play in ensuring the order and purpose of meetings, and how can it be structured for maximum efficiency?
4. How do votes and board actions contribute to the decision-making process within community associations, and what mechanisms are in place to document and disseminate these decisions?
5. What strategies can community associations employ to ensure the timely dissemination of meeting minutes to keep members informed and engaged?

## **15.5 • Meetings Interruptions: Focusing on Efficiency and Engagement**

Meetings can be both productive and enjoyable when they stay on track, but they can also veer off course due to distractions and disruptions. This section explores common meeting distractions and offers strategies to maintain focus and efficiency.

### **Rusty Trustees, Squirrels, and Rump Sessions: Overcoming Meeting Hurdles**

Meetings sometimes take unexpected detours, like chasing squirrels or holding impromptu rump sessions. These distractions can divert valuable time and resources from the meeting's objectives.

### **Squirrel! – Distractions and Diverted Focus:**

Directors and participants may be easily distracted from the meeting's agenda and the strategic plan, much like a dog chasing after a squirrel. Recognizing and addressing these distractions is crucial to maintaining focus and achieving meeting goals.



### **Stop Chasing Squirrels: Staying on Task**

To prevent meetings from going off course, it's vital to manage discussions effectively. When someone interjects with "I just have a question," it can lead to unplanned tangents. Participants should be encouraged to ask if the discussion delves too profoundly into operational matters, as these should be addressed outside the board meeting.

### **Board's Don't Do Committee Work at the Board Table: Staying Aligned with Governance**

A sign on the wall reminding directors of their focus on governance, vision, and advancing the strategic plan can help steer discussions away from committee-level details that should be addressed within committees.

### **50,000 Foot: Maintaining Altitude in Discussions**

Establishing different altitudes for discussions—50,000 feet for the board, 25,000 feet for committees, and 10,000 feet for staff—can help participants maintain clarity on the level of detail needed for each topic.

### **No Volleyball: Avoiding Endless Debates**

Meetings should avoid endless debates where ideas are continuously volleyed back and forth. Recognizing this pattern can help keep discussions focused and productive.

### **Brief is Better: Effective Communication**

Presenters should be mindful of participants' engagement levels and use concise, visually appealing methods like bullet points and graphics to convey important information.

### **Rabbit Hole: Staying Out of Unproductive Tangents**

Avoiding revisiting previously covered reports and discussions during a meeting is crucial to maintaining efficiency. A seemingly innocent question can sometimes lead discussions down an unproductive rabbit hole.

### **Regurgitation: Respect for Preparation**

Directors have a fiduciary duty to read advance reports before meetings. Repeated questions about these reports can waste valuable meeting time and undermine preparedness.

### **Breach of Duty: Holding Directors Accountable**

The chair's responsible for ensuring that directors come prepared to meetings and fulfill their fiduciary duties.

### **Rump Session: Avoiding Unauthorized Discussions**

Directors should refrain from holding rump sessions or discussing board matters outside of official board meetings, ensuring transparency and accountability.

### **Sell the Sizzle: Focus on Results**

Meetings should emphasize the results and outcomes rather than getting bogged down in excessive details.

### **Less Social: Focusing on Business**

Board meetings should primarily be business-focused rather than social events, ensuring that decisions are made efficiently.

### **The Rising Tide: Collective Improvement**

By focusing on improving operations and performance, all chapters within the association can benefit, fostering a sense of unity and collective growth.

### **Programs for Continuous Improvement: Equipping Associations for Success**

Programs and training can help associations address performance issues and strengthen their overall capabilities, benefiting even the weakest associations.

### **Updating the Bar Mission: Reinventing Purpose**

Updating the mission statement to reflect the association's values and commitment to its members can help align the board's efforts with the organization's goals.

### **Guiding Principles: Aligning Values and Actions**

Adopting guiding principles that reflect the association's values can help guide discussions, decisions, and actions during meetings.

#### **Questions for Reflection:**

1. How can community associations effectively address distractions and maintain focus during meetings?
2. What strategies can be employed to prevent discussions from delving into operational details better suited for committees?
3. How can meeting participants recognize and avoid unproductive debates and tangents?
4. What measures can be taken to ensure directors fulfill their fiduciary duties by coming to meetings?
5. How can community associations foster a culture of continuous improvement and alignment with their missions and values during meetings?

#### **In Conclusion,**

Meetings within community associations can be both productive and enjoyable when distractions are minimized, discussions are focused, and participants are committed to achieving their objectives.



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## **Chapter 16**

### ***Parliament Procedures***

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## **Chapter 16: Parliamentary Procedures**

## CHAPTER 16: NAVIGATING THE WORLD OF PARLIAMENTARY PROCEDURES WITH CONFIDENCE

### 16.1 •Parliamentary Procedures Unveiled: Unlocking the Mystery

#### **Unraveling the Historical Threads:**

The intriguing world of parliamentary procedures finds its roots in the early English Parliaments. Over time, this system of conducting meetings and decision-making made its way across the Atlantic, becoming an integral part of American governance. The quest for uniformity and order led to the publication of Henry M. Robert's manual on Parliamentary Law in 1876. Today, this guide, known as "Robert's Rules of Order Newly Revised," serves as the compass for countless clubs, associations, and organizations, helping them navigate the labyrinth of meetings with precision.

Understanding this rich history can shed light on the enduring relevance of parliamentary procedures. They've survived the test of time because they offer a fair, democratic, and efficient way to conduct meetings and make decisions.

#### **Why Do Parliamentary Procedures Matter?**

At first glance, parliamentary procedures may appear to be a maze of rules and regulations, but they play an essential role in ensuring the smooth operation of meetings and gatherings. Consider the benefits they bring:

- **Democratic Rule:**

In a world where everyone has a voice, parliamentary procedures ensure that all members can participate and make their opinions heard.

- **Flexibility:**

Despite their structured appearance, parliamentary procedures are adaptable to meet the unique needs of any organization, from a small club to a significant association.

- **Protecting Rights:**

At their core, parliamentary procedures guarantee a fair hearing for everyone involved. They establish a framework that respects the rights and viewpoints of each participant.

In essence, parliamentary procedures are not just a set of rules; they are a tool for fostering cooperation, safeguarding fairness, and achieving constructive outcomes in meetings. Embracing these procedures can transform what might be chaotic gatherings into orderly and productive events.

## **Embracing the Basics:**

To journey successfully through the world of parliamentary procedures, one must first understand and appreciate the foundational rules:

- **Making Motions that are in Order:**

The type of motion and its timing must align with the current business at hand and adhere to the organization's bylaws. In other words, it should be relevant, not obstructive or frivolous.

- **Obtaining the Floor Properly:**

A structured process is in place to ensure that speakers get their turn to address the assembly without chaos.

- **Speaking Clearly and Concisely:**

Effective communication is critical. Members are encouraged to express their thoughts clearly and without unnecessary jargon.

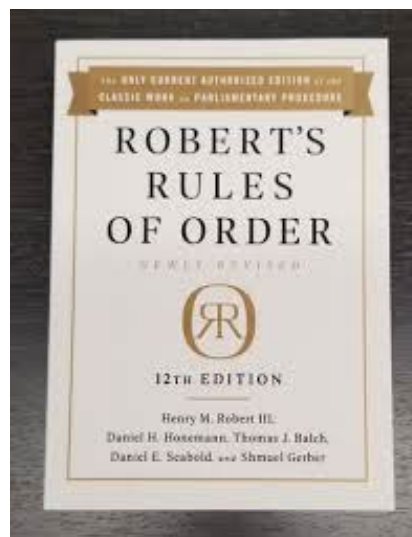
- **Obeying the Rules of Debate:**

The art of discussion is central to parliamentary procedures, but it must occur within specific guidelines to maintain order and fairness.

- **Being Courteous:**

Mutual respect and courtesy form the backbone of productive meetings. Disagreements can be addressed without resorting to personal attacks or incivility.

Understanding and applying these basic rules is the initial step toward active and meaningful participation in meetings governed by parliamentary procedures.



### Questions for Reflection:

1. What is the historical significance of parliamentary procedures, and how has it evolved over time?
2. Why are parliamentary procedures considered valuable for conducting meetings reasonably and efficiently?
3. What are the primary benefits of using parliamentary procedures in different types of organizations?
4. How do the basic rules of parliamentary procedure contribute to the smooth functioning of meetings?
5. In what ways can understanding and applying parliamentary procedures empower individuals in meetings?

## 16.2 •Mastering the Art of Motions: A Guided Tour

In the world of parliamentary procedures, motions are the currency of decision-making. Understanding the various types of motions and how to wield them effectively is akin to gaining a master key that unlocks the full potential of meetings.

### The Hierarchy of Motions:

Motions, the engines of progress in parliamentary procedures, are categorized into different groups based on their functions and timing in a meeting:

- **Main Motions:**

These serve as the launchpad for introducing new subjects for consideration. They can only be presented when no other motion is currently on the floor. For instance, "I move that we allocate funds for..."

- **Subsidiary Motions:**

Designed to modify or influence how the main motion is handled, subsidiary motions take precedence and are voted on before the main motion. For example, "I move to amend the motion by removing..."

- **Privileged Motions:**

These motions address particular or critical matters unrelated to the current business. Generally, they are considered before other types of motions, such as "I move that we adjourn."

- **Incidental Motions:**

Arising from other motions, incidental motions must be addressed before the primary motion. For instance, "I move to suspend the rules for the purpose of..."

- **Motions to Reconsider:**

Used to revisit specific items, these motions are typically brought up when there is no other pending business. For example, "I move to reconsider..."

### **Motion Considerations:**

Navigating motions requires careful consideration of several key factors:

- **Is the Motion in Order (and Proper)?**  
A motion must align with the current business, be presented at the right time, and not obstruct the proceedings or violate the bylaws.
- **May I Interrupt the Speaker?**  
Certain motions are deemed so vital that they can interrupt the current speaker. However, the original speaker regains the floor once the interruption is addressed.
- **Do I Need a Second?**  
It typically requires a second to ensure that a motion receives fair consideration. This indicates that another member supports discussing the proposal and prevents wasting time on issues of interest to only one person.
- **Is It Debatable?**  
While parliamentary procedures encourage open debate on most motions, some subsidiary, privileged, and incidental motions are exempt from discussion.
- **Can It Be Amended?**  
Motions can be modified by adding or removing wording, but these changes must be relevant to the subject of the main motion.
- **What Vote Is Needed?**  
Most motions require a simple majority vote, but those concerning the rights of the assembly or its members may need a different majority to be adopted.
- **Can It Be Reconsidered?**  
Motions can be debated and devoted, providing members with an opportunity to change their minds. The motion to reconsider must originate from the winning side.

### **Presenting a Motion:**

Successfully introducing a motion involves a systematic process:

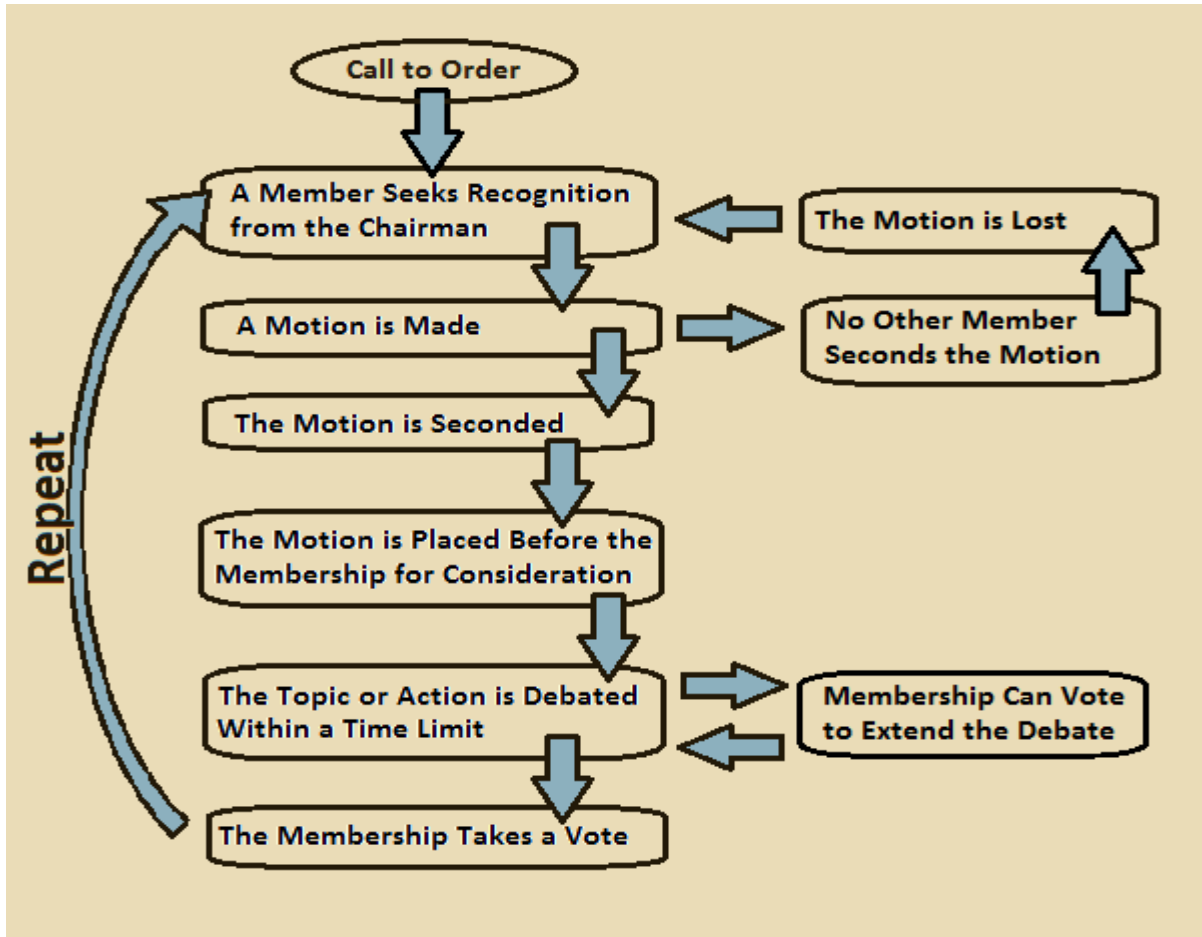
- **Obtaining the Floor:**  
Wait until the current speaker has finished, then rise and address the chair. Clearly state your name, allowing the chair to recognize you.
- **Making the Motion:**  
Speak clearly and concisely, affirmatively stating your motion. For example, "I move that we..."  
Ensure your comments remain on-topic and avoid personal attacks.
- **Voting on a Motion:**  
Before a motion can proceed, it usually requires a second. If there is no second, the motion will not be considered. The chair formally states the motion, and debate or voting can commence. Once the motion is on the floor, it becomes the property of the assembly and cannot be altered without a member's consent.

- **Expanding on Your Motion:**

As the motion's initiator, you have the privilege of speaking first. Keep your comments within the time limit set by the chair. You may speak again after all other speakers have finished, and a third opportunity may be granted with a 2/3 vote to suspend the rules.

- **The Chair Puts the Question:**

The chair will inquire whether the assembly is ready for a vote. A vote takes place if there is no further discussion or a motion to end the debate is approved. The chair announces the results.



### **Methods of Voting on a Motion:**

The method of voting depends on the situation and the organization's bylaws:

- **Voice:**

Members verbally express their support or opposition by saying "aye" or "no." A member can request an exact count.

- **Show of Hands:**

Members raise their hands, either as a verification of a voice vote or as an alternative. This method does not require an account unless requested.

- **Roll Call:**  
Each member verbally responds with "yes," "no," "present," or "abstain," as their name is called. This method records each member's vote.
- **Ballot:**  
Members write their vote on paper, ensuring secrecy when necessary.
- **General Consent:**  
The chair may propose a motion for uncontested matters, and if no one objects, it is considered accepted.

**A Question (Motion) is Pending When The Chair has stated it But Not Yet Voted On:**

The most recently stated motion is the one under consideration, with the main motion always being the last voted on.

- **A Motion To Lay On the Table:**  
This motion temporarily sets an issue aside to address a more urgent matter. It should not be used to stifle discussion but to allow time for further consideration. The motion can be "taken from the table" within the current or next session.
- **A Motion To Postpone Indefinitely:**  
This strategic motion allows members to dispose of an issue without taking a clear stance. It is valuable when a "yes" or "no" vote could lead to unfavorable consequences.
- **Adjourn:**  
This motion is used to conclude the meeting.

**Making Sense of Parliamentary Procedures:**

Understanding motions and their intricacies equips individuals to engage actively in organizational decision-making processes. By mastering these motions, participants can steer discussions, amend proposals, and contribute to the outcomes of meetings.

**Questions for Reflection:**

1. How can a clear understanding of different types of motions enhance one's ability to participate effectively in meetings?
2. Why must a motion be in order and relevant to the current business before presenting it?
3. How do motions help maintain order and fairness during meetings governed by parliamentary procedures?
4. In what ways can different methods of voting on motions serve specific purposes and enhance the decision-making process?
5. What are some practical scenarios where the ability to use and interpret motions can lead to more productive and efficient meetings?

## 16.3 •Beyond the Basics:

Parliamentary procedures offer a framework for conducting efficient and orderly meetings, but the journey to mastery goes beyond the basics. To navigate meetings with confidence and finesse, individuals should explore the nuances and advanced techniques that parliamentary procedures have to offer.

### **1. Quorum: Power in Numbers**

One advanced aspect of parliamentary procedures is understanding the concept of quorum. A quorum represents the minimum number of members required to conduct official business. This mechanism prevents a minority from making decisions on behalf of the entire group.

Interestingly, understanding quorum empowers individuals to challenge the legitimacy of a meeting if they believe that attendance is insufficient to make binding decisions. This can serve as a strategic tool, especially when one faction anticipates losing a vote.

### **2. Adjournment: A Powerful Tool**

The motion to adjourn, often underestimated, can be a potent instrument when used strategically. It is always in order and not open to debate. This motion can be employed to conclude a meeting abruptly, catching opponents off guard and preventing further discussion or action.

Mastery of this motion entails recognizing the opportune moment to deploy it. Understanding adjournment dynamics can significantly influence meeting outcomes, whether to seize an advantage or disrupt proceedings.

### **3. Calling for the Question: Navigating Lengthy Debates**

In meetings where a participant tends to be wordy or repetitive, a valuable tool is the motion to "call for the question." This motion, when adopted, effectively ends the debate and moves the assembly to a vote on the pending motion. It's a practical technique to curtail unproductive discussions and reach a resolution efficiently.

### **4. Point of Order: Keeping the Meeting on Track**

When participants perceive deviations from established parliamentary procedures, they can raise a "point of order." This is a way to object to the procedure, prompting the chair to make a ruling. It is a vital tool to maintain order, ensure fairness, and keep everyone aligned with the rules.

By using these advanced techniques effectively, participants can harness the full potential of parliamentary procedures and navigate meetings with skill and purpose.

### **Questions for Reflection:**

1. How does understanding quorum empower members to influence the legitimacy of a meeting's decisions?
2. What strategic considerations should one keep in mind when employing the motion to adjourn in a meeting?
3. How can the motion to "call for the question" be valuable in managing lengthy or unproductive debates?
4. Why is the "point of order" motion essential for keeping meetings on track and ensuring adherence to established parliamentary procedures?
5. In what ways can mastering advanced techniques in parliamentary procedures contribute to more effective and efficient meetings?

## **16.4 •Conclusion: Embracing Parliamentary Procedures for Effective Meetings**

Parliamentary procedures are pillars of order and fairness in the ever-evolving landscape of meetings and decision-making. This chapter has provided a comprehensive overview, delving into the historical roots, fundamental principles, and advanced techniques of parliamentary procedures.

Embracing parliamentary procedures equips individuals and organizations with the tools to conduct meetings that are not just productive but also respectful of the rights and opinions of all participants. You can navigate meetings with confidence and finesse by mastering the art of motions, understanding quorum, recognizing the power of adjournment, and employing advanced techniques like calling for the question and raising points of order.

### **In Closing,**

Parliamentary procedures are not just a set of rules; they are a guide to fostering cooperation, facilitating constructive discussions, and making informed decisions. Whether you are a member of a club, association, or any organization, these procedures provide a pathway to more effective and democratic meetings. So, embrace the art of parliamentary procedures and watch your meetings transform into forums of productivity and collaboration.

### **Questions for Consideration:**

1. How do you envision incorporating parliamentary procedures into your future meetings or organizations?
2. What specific aspects of parliamentary procedures do you find most valuable for achieving effective and orderly meetings?

3. How can the knowledge and application of parliamentary procedures enhance your role as a participant in various organizations?
4. What challenges do you anticipate when introducing or implementing parliamentary procedures in an unfamiliar group?
5. As you embark on your journey with parliamentary procedures, what goals or improvements do you hope to achieve in your meetings and decision-making processes?

| TO DO THIS                                                    | YOU SAY THIS                                                                   | May You Interrupt Speaker? | Must You Be Seconded? | Is The Motion Debatable? | What Vote is Required?                                 |
|---------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------|-----------------------|--------------------------|--------------------------------------------------------|
| *Adjourn the meeting                                          | "I move the meeting be adjourned"                                              | NO                         | YES                   | YES<br>(RESTRICTED)      | MAJORITY                                               |
| *Recess the meeting                                           | "I move that the meeting be recessed until..."                                 | NO                         | YES                   | YES**                    | MAJORITY                                               |
| Complain about noise, room temperature, etc.                  | "I rise to the question of personal privilege"                                 | YES                        | NO                    | NO                       | NONE                                                   |
| Postpone temporarily (Table)                                  | "I move that this motion be tabled"                                            | NO                         | YES                   | NO                       | MAJORITY<br>(REQUIRES TWO-THIRDS IF IT WOULD SUPPRESS) |
| End debate                                                    | "I move to vote immediately"                                                   | NO                         | YES                   | NO                       | TWO-THIRDS                                             |
| *Limit debate                                                 | "I move that each speaker be limited to a total of two minutes per discussion" | NO                         | YES                   | YES**                    | TWO-THIRDS                                             |
| *Postpone consideration of an item to a certain time          | "I move to postpone this item until 2:00pm..."                                 | NO                         | YES                   | YES**                    | MAJORITY                                               |
| *Have something referred to committee                         | "I move this matter be referred to..."                                         | NO                         | YES                   | YES**                    | MAJORITY                                               |
| *Amend a motion                                               | "I move to amend this motion by..."                                            | NO                         | YES                   | YES                      | MAJORITY                                               |
| *Introduce business (the Main Motion)                         | "I move that..."                                                               | NO                         | YES                   | YES                      | MAJORITY                                               |
| *Amend a previous action                                      | "I move to amend the motion that was adopted..."                               | NO                         | YES                   | YES                      | MAJORITY                                               |
| Ratify action taken in absence of a quorum or in an emergency | "I move to ratify the action taken by the Council..."                          | NO                         | YES                   | YES                      | MAJORITY                                               |
| Reconsider                                                    | "I move to reconsider..."                                                      | YES                        | YES                   | YES**                    | MAJORITY                                               |
| Rescind (a main motion)                                       | "I move to rescind the motion..."                                              | NO                         | YES                   | YES                      | MAJORITY                                               |
| Resume consideration of a tabled item                         | "I move to resume consideration of...?"                                        | NO                         | YES                   | NO                       | MAJORITY                                               |



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*Chapter 17*

*Cooperative Members*

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**Chapter 17: Cooperative MEMBERS**



We were built by and belong to the communities we serve.

Here are a few ways we're making a difference.

### 17.1 •Embracing the Cooperative Spirit: Members at the Heart

#### **A Home: More Than Just Four Walls and A Roof**

Imagine a home where safety, security, and dignity are ideals and daily realities. A place where you can put down roots, engage in your community, and lead a fulfilling life. Whether you rent or own, your home should be a haven where you're treated fairly and respectfully. And when things go awry, there should be a swift and effective means of finding solutions.

#### **Cooperative Members: The Pillars of a Vibrant Community**

Cooperative members are more than mere residents; they are the life force that drives these unique communities. They organize, finance, elect directors, and set policies that govern cooperatives. Members don't just use cooperatives; they are the reason cooperatives exist.

#### **What Members Expect and Deserve**

Members are at the core of cooperative living, and their expectations are central to the cooperative's mission. Members rightfully anticipate:

- Safety in their homes.
- Consistent maintenance.
- Prompt and equitable resolution of complaints.

- Respectful treatment.
- A voice in cooperative affairs.
- A high-quality living environment.

### **Ownership and Control: Your Special Role**

Members are not passive occupants; they are owners with legal responsibilities. This ownership entails:

- Approving and amending articles of incorporation, bylaws, and significant policies.
- Electing directors as per state statutes and bylaws.
- Voting on significant actions that impact the cooperative's legal standing, such as mergers, acquisitions, or dissolutions.
- Ensuring compliance with general business laws and those unique to cooperatives, such as taxation.

### **Members' Rights and Responsibilities**

As a cooperative member, you have both rights and responsibilities:

#### **Member Rights:**

- A democratically run community.
- Opportunities for improvement and change.
- The right to be heard and respected.
- Privacy and personal space.
- A safe and healthy living environment.
- Competent officers.
- Constructive criticism of community and organizational matters.
- A clean, well-maintained environment.
- Access to financial records.
- Pride and active involvement in your community.

### **Member Responsibilities:**

- Attend house meetings and stay informed about board issues.
- Understand policies and contribute ideas.
- Respect others' privacy and space.
- Report maintenance problems requiring professional attention.
- Support board members.
- Communicate your needs and concerns.
- Foster a cooperative, non-discriminatory, and peaceful atmosphere.
- Collaborate on creative solutions.
- Pay your monthly share on time.

## **17.2 •Maintenance: The Lifeblood of Cooperatives**

Maintenance is the lifeblood of cooperatives. While some co-ops may take pride in minimizing maintenance costs by relying on unskilled, free labor from members, this approach often results in deferred maintenance that escalates costs in the long run.

### **Quality Housing at Its Core**

Cooperative housing is designed to provide affordable, quality living for members, operating at cost rather than aiming for the cheapest possible solutions. Operating "at cost" means investing what's necessary to maintain high living standards and preserve valuable real estate assets.

### **The Commitment to Members**

Cooperative members deserve nothing less than housing that matches or exceeds the best standards in the private rental market. Unfortunately, some co-ops compromise on quality, accepting subpar conditions with the excuse that "it's a co-op" or "we're just volunteers." This contradicts the mission of providing affordable housing for generations.

### **Preserving a Legacy**

Cooperative housing should be considered a long-term legacy, offering affordable living for future generations. It's crucial for members to collaborate in defining and preserving the cooperative's values and vision.

### **The Role of the Board**

The board of directors plays a pivotal role in maintaining cooperatives. Elected by and accountable to the membership, the board is responsible for hiring competent management and guiding the cooperative through policymaking and oversight.

## **Empowering the Board**

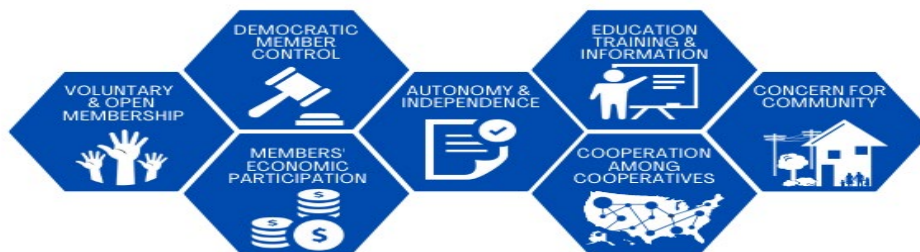
Decisions regarding cooperative operations are generally delegated to the board of directors, making their selection critical. Every member has a responsibility to stay informed about important issues. While a conscientious board will engage members in decision-making, the legal authority to make decisions on behalf of the cooperative rests with the board.

## **Conclusion: Nurturing Cooperative Communities**

Cooperative members are the heart and soul of these unique living arrangements. They create vibrant, supportive communities where everyone has a voice and contributes to the collective well-being. By recognizing your rights and responsibilities as a member, embracing the cooperative spirit, and ensuring that maintenance is a priority, you can help sustain and enhance the quality of cooperative living for current and future generations.

### **Questions for Reflection:**

1. How do you envision your role as a cooperative member in fostering a sense of community and shared responsibility?
2. In what ways can cooperative members actively contribute to the maintenance and overall improvement of their housing communities?
3. Why is it essential for cooperative members to prioritize maintenance as an investment in the long-term sustainability of their housing?
4. How can cooperative boards effectively engage with and empower members in the decision-making process while fulfilling their leadership responsibilities?
5. What strategies can cooperative members employ to ensure that their cooperative housing communities provide a high standard of living that aligns with their values and vision for the future?



## **17.3 •Conclusion: Building a Brighter Future Together**

Cooperative living is not just about sharing physical spaces; it's about sharing values, responsibilities, and dreams. In this chapter, we've explored the pivotal role of members in cooperative communities and the significance of maintenance in upholding the quality of cooperative living.

As a cooperative member, you are not simply a resident but a steward of a legacy of affordable, equitable, and community-driven housing. You play a vital part in nurturing these communities by understanding your rights and responsibilities, prioritizing maintenance as an investment in the cooperative's future, and actively shaping the cooperative's vision.

In closing, remember that cooperative living is more than just bricks and mortar; it's a shared journey toward a brighter, more inclusive future. Embrace your role, collaborate with your fellow members, and continue building a cooperative community that embodies the values and ideals you hold dear.

**Questions for Consideration:**

1. What cooperative living aspects resonate with your values and aspirations?
2. How can you contribute to your cooperative community's long-term sustainability and growth?
3. What steps can you take to ensure that cooperative housing remains an affordable and inclusive option for future generations?
4. In what ways do you see your cooperative community evolving and thriving in the years to come?
5. As you reflect on your journey as a cooperative member, what legacy do you hope to leave for those who will follow in your footsteps?



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## *Chapter 18*

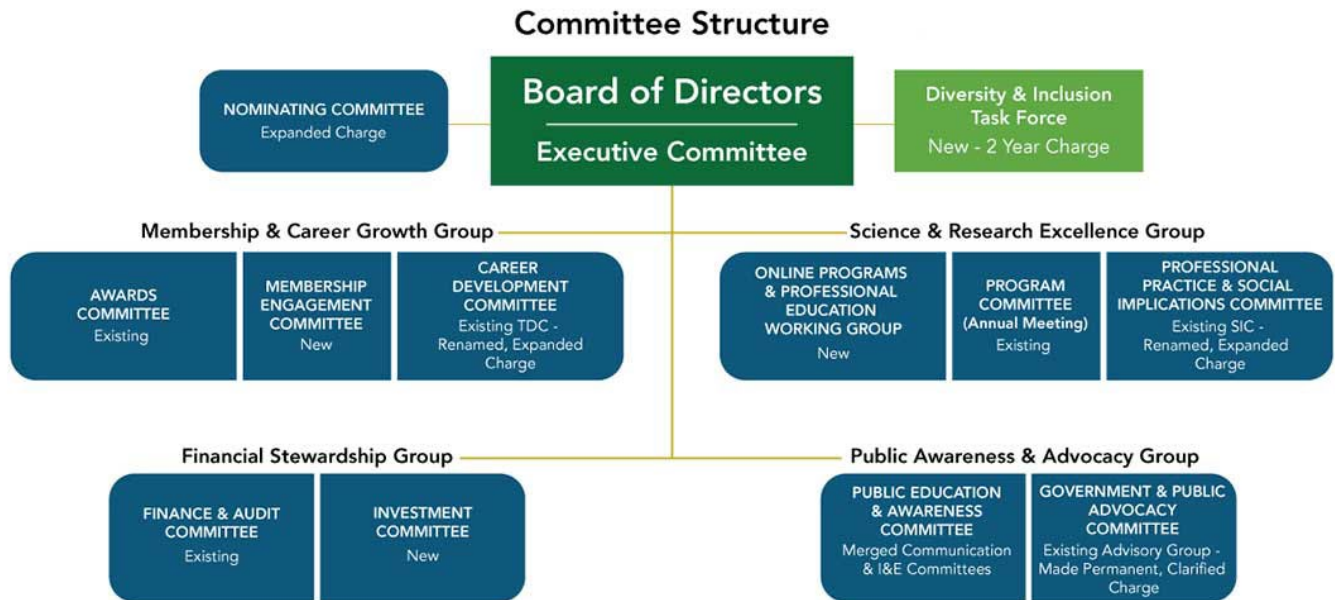
### *Committees*

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## **Chapter 18: Committees -**

## CHAPTER 18: THE POWER OF COMMITTEES - BUILDING A STRONG COOPERATIVE COMMUNITY

Welcome to Chapter 18, where we dive into your cooperative's fascinating world of committees. These groups are not just about bureaucracy and paperwork; they are the engines of collaboration, growth, and progress within your community. So, let's embark on a journey to uncover the secrets of committees and learn how they contribute to the vitality of your cooperation.



### 18.1 Committee Function: Navigating the Heart of Your Cooperative

#### The Blueprint for Effective Committees

Committees are the backbone of your cooperative, offering guidance and expertise to the Board of Directors. They play a pivotal role in shaping the future of your community. However, it's essential to understand that committee recommendations are not set in stone; they require approval from the Board.

To ensure committees function effectively, specific steps are taken:

- **Reviewing and Establishing Committee Commission Statement:**

Think of this as the committee's DNA. A committee charter outlines its purpose, powers, and authority. It also defines how members will work together, addressing elements like meeting frequency, agendas, and even term limits.

- **The Committee Commission Statement:**

Crafted in collaboration with the President and ratified by the Board of Directors, this statement provides overall direction to the committee. It should adapt to your cooperative's evolving goals and membership needs.

- **Ensuring Optimal Committee Functioning:**

Clarity is key. Clearly defined objectives and timelines are essential. They help members understand expectations and allow the Board to monitor progress effectively.

- **Committee Member Requirements:**

Being a member in good standing, dedicating sufficient time, and ensuring geographical and practice-setting representation are prerequisites for committee members.

- **Determining the Appropriate Committee Size:**

Committees should be neither too big nor too small. A group of 4-6 members is usually optimal. Effective communication, including meetings scheduled well in advance, is crucial.

- **Term Limits:**

Committees often implement term limits for their members to prevent stagnation and encourage fresh perspectives. This approach promotes diversity and maintains the committee's effectiveness even with changing leadership.

### **The Role of Committees: Enhancing Cooperative Vitality**

Committees are the unsung heroes, complementing the Board of Directors in various ways:

- Providing expertise, knowledge, and resources.
- Developing educational programs and conducting research.
- Engaging and nurturing members' leadership skills.
- Offering recommendations to the Board while respecting its decision-making authority.
- Acting in the best interests of the association.
- Fulfilling their responsibilities diligently, without delegation.
- Adhering to ethical standards and disclosing conflicts of interest.
- Steering clear of discussions or activities that violate antitrust laws.

### **Responsibilities of a Committee: The Board Liaison Connection**

Each board member plays a crucial role as a liaison to a committee. They serve as a bridge between the committee and the Board, ensuring seamless collaboration and communication.

### **The Board Liaison:**

- Facilitates communication between the committee and the Board.
- Ensures coordination and resolves disputes among committees.
- Actively participates in all committee meetings and conference calls.
- Conveys committee requests and presentations to the Board, as requested by the President.
- Acts as a conduit for questions raised by the Board and ensures relevant information reaches the Board.
- Guides the committee in achieving its annual objectives.

### **Questions - Committee Function and Charges**

- 1 How does your cooperative ensure that committee recommendations are effectively communicated to the Board for authorization, and what measures are in place to align these recommendations with the cooperative's long-term goals?
- 2 Can you describe the process of reviewing and establishing committee charters in your cooperative, including the definition of committee objectives, authority, and composition? How often are these charters revisited?
- 3 What strategies are employed to establish clear objectives, timelines, and work plans for committees to ensure they function optimally, and how is the coordination of committee activities managed?
- 4 Regarding committee member requirements and term limits, how does your cooperative balance maintaining experience and introducing fresh perspectives for committee effectiveness?
- 5 How does your cooperative manage the size of committees, ensuring they are large enough to complete their work effectively but small enough to maintain efficiency? Additionally, how are disputes between committees resolved when they arise?

## **18.2 Charges to a Committee: The Blueprint for Action**

Here's a glimpse of the charges typically issued by a board of directors to a committee:

- Committee chairs are appointed with the Board's consent.
- A board member joins the committee as an advisory member to maintain liaison.
- Committee leaders collaborate in organizing and managing the committee's activities.
- The committee should consist of at least three active members, with provisions for removing those who miss consecutive meetings.

By establishing clear responsibilities, expectations, and processes, organizations can ensure that committees collaborate effectively and make decisions that align with the association's overall mission.

### **Committee Decision-Making and Accountability: Building a Solid Foundation**

Committees follow a structured decision-making process, gathering information, analyzing options, and reaching a consensus or making recommendations. The final authority often rests with the Board of Directors. Accountability is critical, with members diligently fulfilling their responsibilities and adhering to ethical standards.

#### **Questions**

- 1 How are committee chairs appointed in your cooperative, and what role does the Board president play in this process?
- 2 What is the significance of having a board member as an advisory member within a committee, and how does this strengthen liaison with the Board?
- 3 How do committee coordinators collaborate with board members to organize and manage committee activities in your cooperative?
- 4 Can you identify instances where term limits for committee members have proven beneficial in maintaining committee effectiveness and encouraging fresh perspectives?
- 5 How do committee members demonstrate accountability within your cooperative, and what measures are in place to track attendance, participation, and task completion?

### **18.3 Serving as a Committee Liaison: The Glue Between Board and Committees**

The liaison role is pivotal, acting as the connective tissue between the Board of Directors and committees, divisions, or regions of the organization. The liaison's responsibilities include:

- Facilitating communication between the Board and committees.
- Ensuring coordination and conflict resolution.
- Attending committee meetings as a non-voting member.
- Conveying committee requests and presentations to the Board.
- Guiding committees in achieving their objectives.
- Ensuring that committees align with the organization's strategic goals.
- Assisting in the decision-making process by conveying committee recommendations to the Board.

In essence, the liaison role strengthens collaboration, information exchange, and understanding between the Board of Directors and committees, supporting the organization's mission and goals.

### **Questions Serving as a Committee Liaison**

- 1 How does the liaison role facilitate effective communication and understanding between your cooperative's Board of Directors and committees?
- 2 Can you identify instances where the liaison role has played a crucial part in ensuring that committees align their efforts with the organization's strategic goals?
- 3 How is the final decision-making authority managed within committees in your cooperative, and how does the liaison assist in conveying committee recommendations to the Board?
- 4 What measures can be taken to enhance further the liaison role's effectiveness in fostering collaboration and information exchange between the board and committees?

### **Conclusion: Building a Vibrant Cooperative Through Committees**

Committees are the unsung heroes of your cooperative, bringing together its members' collective wisdom, expertise, and energy. They are the engines driving your community's growth, development, and success. As you delve into the world of committees, remember that they reflect your cooperative's commitment to transparency, inclusivity, and progress. Embrace their potential, and watch your cooperation thrive.

### **Questions for Reflection:**

- 1 How can your cooperation harness the full potential of committees to address specific challenges or opportunities?
- 2 Are there new committee initiatives or focus areas that could benefit your cooperative's members?
- 3 How can committees collaborate more effectively with the Board of Directors to ensure their recommendations are heard and acted upon?
- 4 What strategies can your cooperative implement to encourage member involvement in committees and ensure fresh perspectives?
- 5 How can your cooperation strengthen the liaison role to enhance communication and understanding between the Board and committees?



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## *Chapter 19*

### *Communications*

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## **Chapter 19: Communication**

### 19.1 Communication Overview

#### **Effective communication**

Lies are at the heart of every successful cooperative. The board's ability to convey ideas, share information, and maintain a strong connection with its members is not just important; it's essential. Communication is a dynamic exchange of information that flows both ways, from the board to its members and vice versa. Let's delve deeper into the world of cooperative communication:

#### **Two-Way Flow of Information:**

Communication is not a one-way street; it's a two-way flow of information. This means that while the board communicates essential messages to its members, it also requires member feedback. Feedback mechanisms are vital to gauge whether the messages are being well-received and whether the members' needs and concerns are being adequately addressed. Consider how your cooperative encourages member feedback and the tools or processes in place for members to express their thoughts and concerns.

#### **Cost-Effective Communication:**

The effectiveness of communication is not necessarily tied to its cost. Indeed, excellent communication can be maintained within the co-op at minimal expense. Informal, person-to-person conversations and more structured co-op meetings provide many opportunities to get information to members without incurring significant costs. Announcements made at meetings and posted on community bulletin boards are both cost-effective and practical. Additionally, informational newsletters can be duplicated economically using ordinary office or commercial copiers. Thus, the size of the co-op budget is not as critical as the enthusiasm and determination of directors and committee members to convey the co-op story effectively. Please share examples of how your cooperative utilizes low-cost communication methods to engage with its members.

#### **Committees for Communication:**

While the board is responsible for keeping members informed, committees can play a significant role. Membership, orientation, court hostess/captain, and newsletter committees are valuable allies in the quest for effective communication. These committees can assist in conveying crucial information to members, welcoming new members, and ensuring that the cooperative's newsletter is informative and engaging. Explain how committees within your cooperative contribute to maintaining open lines of communication with members.

### **Essential Board Member Skills:**

Listening is the most essential skill for board members. It's the cornerstone of effective communication. Other critical skills include:

- 1 **Understanding that it's Business, Not Personal:**  
Board members must approach matters objectively and professionally, separating personal emotions from business decisions.
- 2 **Financial Aptitude:**  
Understanding the cooperative's financial health and decisions is crucial for informed communication with members.
- 3 **Communication Skills,**  
Especially Email Etiquette: Clear and respectful written communication, mainly via email, is essential for professional interactions with members.
- 4 **Macro-Management Instead of Micro-Management:**  
We focus on the bigger picture and strategic decisions rather than micromanaging operational details.
- 5 **Patience:**  
I am avoiding making mountains out of molehills and maintaining perspective on critical issues.
- 6 **Understanding Community Managers:**  
Appreciating the roles and responsibilities of community managers and other staff members to better work together cohesively.

Discuss how your cooperative promotes these skills among its board members, emphasizing the role of active listening.

### **Mastering Communication Skills:**

Effective communication is not just about listening; it also involves clear and respectful dialogue. This skill allows board members to hear and understand the messages from members, regardless of the way they are delivered. By mastering listening and practical communication skills, board members can better comprehend and appreciate the professional advice and messages they receive. How does your cooperative ensure that board members communicate professionally, especially when addressing sensitive issues or disagreements?

## **Questions - Communication Overview**

- 1 How does your cooperative actively promote and facilitate two-way communication between the board and its members?
- 2 Can you share examples of successful feedback mechanisms your cooperative has in place to ensure members' voices are heard?
- 3 What cost-effective communication methods or strategies has your cooperative found particularly effective in engaging and informing members?
- 4 How do the various committees within your cooperative contribute to maintaining open lines of communication with members, and can you provide any notable achievements in this regard?
- 5 Regarding essential board member skills, which of the listed skills do you believe are most critical for effective communication within your cooperative, and how are these skills fostered among board members?
- 6 Can you share an instance where mastering the skill of listening led to a more successful board decision or improved communication within your cooperative?

## **19.2 Crisis Communications**

Crises are never enjoyable to contemplate, but responsible board leaders must prepare for them. Whether it's a natural disaster, financial crisis, or reputational issue, how your cooperative responds can make all the difference. Crisis communication is a vital aspect of crisis management. Here's a deeper look at how to handle crisis communications:

### **Different Types of Crises:**

Crises come in various forms, and it's essential to distinguish between them. Emergencies are unpredictable events that can create havoc for an organization or the people it serves. Losing a significant source of funding can be considered an emergency. The primary responsibility for handling emergencies lies with the staff, with board members providing support as needed. On the other hand, controversies are crises that threaten the organization's reputation. They often take organizations by surprise and usually require board involvement. Share examples of emergencies and controversies that your cooperative has encountered or considered.

### **Board's Role in a Crisis:**

In a crisis, the board's fundamental task is to ensure that the cooperative operates legally and ethically. The board may also be called upon to perform non-traditional and unexpected duties. In extraordinary situations, the board might need to step in temporarily to help manage a crisis if the staff cannot handle it. Additionally, in any crisis, board members should work to convey consistent messages to their network of contacts in the community, reassuring them that the issue is being well-managed, promising updates, and inviting feedback to convey to the chief executive and staff. Can you share experiences or insights into how your cooperative's board has handled crises and fulfilled its responsibilities during such times?

### **Planning for Crisis Communication:**

Planning is essential for effective crisis communication. A well-prepared crisis communication plan ensures that priority stakeholders are kept informed, that all factual information is stored in a critical location and that there is a single spokesperson who can communicate convincingly and reassuringly on behalf of the organization. Discuss the components of your cooperative's crisis communication plan or any steps taken to prepare for potential crises.

### **Critical Questions for Crisis Planning:**

Starting the crisis communication planning process often involves board discussions centered on several key questions. These questions can guide your cooperative's crisis preparedness:

- What are the emergencies and controversies that could affect our organization?
- What are our most significant vulnerabilities in times of crisis?
- What questions would we least like to face from the press or members?
- How can we prevent worst-case scenarios from occurring?

Share insights or strategies your cooperative has developed in response to these questions.

### **Crisis Communication Plan:**

A crisis communication plan should clearly define the roles for both the board and staff to avoid confusion. Ensure that your cooperative's plan includes essential information for dealing with a crisis:

- Contact information for crisis control team members.
- Contact information for key stakeholders, including donors, members, government entities, media, policymakers, and partner organizations.
- A media strategy, including a press kit with facts about the organization.
- Essential policy statements.
- Talking points to address frequently asked questions.
- Logistics for establishing a command center.
- Logistics for convening an emergency board meeting.
- A communication tree outlining who communicates with whom.

As part of the planning process, every organization should designate a spokesperson, usually the chief executive or the board chair. Describe how your cooperative's crisis communication plan addresses these aspects.

In conclusion, effective communication is the lifeblood of a cooperative, and crisis preparedness is its armor. Your cooperative can build a stronger, more resilient community by actively engaging members, preparing for crises, and mastering essential communication skills. This ensures that in times of stability or crisis, your cooperative can respond effectively and maintain the trust of its members.

### **Questions: Crisis Communications**

- 1 What types of crises, whether emergencies or controversies, has your cooperative contemplated or encountered, and how were they managed regarding crisis communication?
- 2 How does the board fulfill its fundamental task of ensuring that the cooperative operates legally and ethically during a crisis, and are there any unique challenges you've faced in this regard?
- 3 Could you describe your cooperative's crisis communication plan or any steps taken to prepare for potential crises? How has this plan been tested or updated over time?
- 4 What key questions, as mentioned in the text, have guided your cooperative's crisis planning discussions, and what insights or strategies have emerged as a result?
- 5 In your cooperative's crisis communication plan, who is designated as the spokesperson, and what role do they play in ensuring effective communication during a crisis?
- 6 Can you share a real-world scenario where effective crisis communication played a pivotal role in your cooperative's response to a crisis? What lessons were learned from that experience?



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## *Chapter 20*

### *Community*

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## **Chapter 20: Community**

## CHAPTER 20: DEVELOPING COMMUNITY

Housing cooperatives are more than mere real estate arrangements; they are vibrant communities driven by shared interests. While affordability often unites them, their essence extends to creating rich, supportive living environments. This chapter delves into the essence of housing cooperatives, the strategies to build robust communities, and the myriad ways they benefit their members and their neighborhoods.

### 20.1 Developing Community

#### **Housing Cooperatives as Communities:**

Housing cooperatives are not just unique housing models but dynamic communities sharing a common goal. While affordability is often the central concern, cooperatives are more than that. They are places where people come together, make decisions collectively, and create a sense of belonging. With over one and a half million resident members nationwide, any community in the United States can embrace the cooperative model and create a thriving housing cooperative.

#### **Building Strong Relationships:**

At the core of strong communities lie robust relationships among their members. While homeowners naturally have vested interests, the foundation of successful community management is a well-functioning community association board. However, it's equally essential for board members to maintain healthy relationships among themselves to foster a positive atmosphere.

#### **The Inherent Community Building Aspects:**

Cooperative organization inherently promotes community building. Living, working, and dining together are catalysts for forging strong bonds. People who coexist and collaborate tend to develop deep connections and a sense of belonging. When you share not only the same building but also the responsibilities and decisions, you naturally become a tightly-knit community.

#### **Tools to Foster Community:**

To nurture community within housing cooperatives, consider these nine tools:

- 1 **Board Meetings and Informational Meetings:**

Regular board meetings are not just about business; they are an opportunity for members to come together, discuss common issues, and strengthen their sense of community. Setting precise schedules in advance increases attendance and ensures that members have a voice in the cooperative's decisions.

- 2 **Association Website:**

A cooperative's website can be the digital hub of community interaction. Besides offering practical information, it can host member profiles, where residents can get to know each other better. Weekly alerts and reminders facilitate positive interactions and keep everyone informed.

3 **Newsletter:**

A well-crafted newsletter is a window into the cooperative's life. In addition to board briefings and annual meetings, feature articles can cover various topics, such as legal issues, trends, and general information that matches the demographics of your members. The newsletter's tone should be enjoyable, with engaging images or photography to support articles.

4 **Welcome Letters and Welcome Committee:**

First impressions matter. A warm welcome packet for new homeowners, including essential information and details about additional resources, sets a positive tone. A greeting from a welcome committee offers a personal touch that makes newcomers feel like they belong from day one.

5 **Personal Outreach:**

Building trust and camaraderie often requires direct communication. Reach out to homeowners via email or phone calls to solicit their feedback on matters related to community living. Their opinions matter; they'll appreciate your transparency and willingness to engage.

6 **Community Apps:**

In today's digital age, mobile apps can be a game-changer for community engagement. Setting up an app for your association appeals to tech-savvy members. It allows them to reserve common areas and amenities, access essential documents, pay their carrying charges, and engage with their board and neighbors. This digital platform can enhance communication and foster a sense of community.

7 **Social Activities:**

Stimulating social interactions among members is vital. Organizing events like holiday and block parties is an excellent start, but also consider what will appeal to your specific membership. Communities with several families might enjoy a scavenger hunt, whereas an association with younger members might be more engaged by a dog-friendly happy hour. Even when physical gatherings are limited, virtual social activities can help maintain a sense of community.

8 **Bulletin Boards:**

A physical bulletin board placed in a clubhouse facility, gatehouse entry, or another centrally located area can serve as an information hub. Members can post and access information, including association meeting notices. Additionally, you can invite service providers to post flyers and advertisements and enable members to post items for sale, fostering community interaction.

9 **Disaster Drills:**

Safety and preparedness are crucial aspects of community life. Having an emergency preparedness plan in place shows homeowners that you are proactive and care about their safety and well-being. Identify potential emergencies that could affect your community and create a plan for those threats, whether they be wildfires, hurricanes, or tornadoes. Holding disaster drills and encouraging your community to get involved enhances both safety and community spirit.

10 **Progressive Dinners:**

Some co-ops have established a tradition of holding progressive dinners several times yearly. During a progressive dinner, co-op members visit each other's homes, make new friends, and enjoy a variety of culinary delights. This fosters a deeper understanding of fellow members and creates lasting connections.

11 **Brunch or Meal Exchanges:**

Hosting brunches or meal exchanges with other co-op houses can expand your community beyond your immediate neighbors. Sharing meals is a wonderful way to connect with others and learn more about their backgrounds and interests.

12 **New Member Orientation:**

Your co-op's member orientation is a crucial opportunity to instill co-op spirit. An effective orientation should combine practical information about charges, conflict resolution, and board engagement with fun activities like role-playing, games, and shared meals. Creating an engaging orientation experience can encourage new members to participate actively in the cooperative community.

13 **Annual Meeting:**

Co-op annual meetings are a blend of business and enjoyment. In addition to officer and staff reports, consider incorporating fun activities like a co-op "family feud" game, door prizes, or performances. Including food at the meeting can make it more enjoyable, fostering a sense of community.

14 **Summer Education Program:**

Consider inviting cooperators from other parts of the world to share their insights about cooperation and how co-ops work in their countries. Field trips to other regional co-op businesses can expand members' horizons and promote a global perspective within your cooperative community.

15 **Work Holidays:**

Work holidays are an excellent way to build a sense of community, ownership, and pride within your co-op. These events unite all co-op members to tackle tasks like spring cleaning, painting, and minor maintenance. Afterward, celebrating with a meal or small party enhances members' sense of accomplishment and camaraderie.

**Supportive Community:**

Beyond their financial advantages, cooperative housing offers social benefits that residents cherish. By collaborating and living within the cooperative structure, members have numerous opportunities to get to know and support each other, fostering "social capital" and enhancing the quality of life.

- **Personal Safety:**

Many cooperative residents report feeling safer within their communities due to the close-knit relationships they've formed. The sense of familiarity and trust among neighbors contributes to enhanced personal security.

- **Knowing Your Neighbors:**

Cooperative members often know their neighbors better than residents in other housing arrangements. In a 2004 survey, co-op residents reported exchanging goods or services with their co-op neighbors 40% more often than they did in their previous housing situations. Moreover, 61% of respondents reported they could trust their co-op neighbors "all the time," reflecting a 35% increase over their previous non-co-op housing experiences.

### **Questions - Developing Community:**

- 1 What are the common interests that unite members in your housing cooperative?
- 2 In your experience, what are some effective strategies for maintaining healthy relationships among board members?
- 3 How have you observed cooperative organization naturally fostering strong bonds among members in your community?
- 4 Which of the nine tools mentioned most effectively promotes transparency and community within your cooperative?
- 5 Share instances where personal safety within your cooperative played a pivotal role in creating a sense of security among residents.

## **20.2 Community Benefits**

### **The engine of Economic Growth:**

Cooperatives are not only financially secure for individuals but also contribute to community growth. An example is the St. Paul Art Crawl, which thrived due to the development of artists' co-ops, revitalizing the neighborhood.

### **Stability:**

Cooperatives stabilize neighborhoods facing gentrification by providing affordable housing options, allowing lower-income families to remain in their communities.

### **Stabilizing Out-Migration in Rural Areas:**

Senior cooperatives combat out-migration by enabling seniors to stay in their rural communities, fostering economic stability.

### **Growing Popularity:**

The rising popularity of co-op housing ensures their financial health as demand increases, creating a sustainable source of potential shareholders.

### **Questions - Community Benefits:**

- 1 Can you provide more examples of how cooperatives, like the St. Paul Art Crawl, have contributed to economic growth in their communities?
- 2 In what ways does your cooperation contribute to stabilizing neighborhoods, especially in areas facing gentrification?
- 3 How does your cooperative support senior members and encourage them to stay in your rural area?
- 4 How has the increasing demand for cooperative housing positively affected the financial stability of your cooperative?

**In conclusion,** housing cooperatives are not just dwellings but vibrant communities. Nurturing these communities is essential for their success, and they, in turn, contribute to the vitality and stability of neighborhoods and regions.

## FINAL CONCLUSION:

Congratulations on completing this comprehensive course on cooperative housing management! Throughout this course, you've gained a deep understanding of various aspects of cooperative housing, from its foundational principles to practical management strategies. Here are some key takeaways:

1 **Cooperative Housing Basics:**

You've learned that cooperative housing is a unique and collaborative approach to homeownership, where members collectively own and manage their properties. This course has provided insights into the history, principles, and benefits of cooperative housing.

2 **Governance and Leadership:**

Understanding the roles and responsibilities of board members, officers, and committees is crucial for effective cooperative management. You've explored governance structures, decision-making processes, and the importance of leadership in maintaining successful cooperation.

3 **Financial Management:**

Managing the finances of a cooperative requires careful planning, budgeting, and transparency. You've delved into financial statements, reserve funds, assessments, and the role of cooperative members in ensuring financial stability.

4 **Legal and Regulatory Considerations:**

Cooperative housing operates within a legal framework that varies by jurisdiction. You've gained insights into legal structures, bylaws, contracts, and compliance with local regulations to safeguard the cooperative's interests.

5 **Maintenance and Operations:**

Coordinating maintenance and day-to-day operations is essential for maintaining the cooperative's physical assets and ensuring its members' high quality of life. You've explored maintenance plans, vendor contracts, and effective property management practices.

6 **Community Building:**

Beyond the physical aspects, cooperatives thrive on strong communities. You've learned strategies to foster a sense of belonging, cooperation, and support among members, contributing to the overall well-being of the cooperative.

7 **Challenges and Crisis Management:**

While cooperatives offer many advantages, they can also face challenges and crises. You've gained insights into addressing conflicts, managing crises, and implementing effective communication strategies.

8 **Community Benefits:**

Cooperative housing extends its benefits beyond its members. You've discovered how cooperatives can contribute to economic growth, stability in changing neighborhoods, and the well-being of seniors, all while ensuring their financial health through growing popularity.

## 9 **Continuous Learning:**

The world of cooperative housing is dynamic, with new challenges and opportunities emerging over time. As you continue your journey in cooperative housing, remember the importance of ongoing learning and adaptation to ensure the continued success of your cooperative.

By completing this course, you are well-equipped to contribute positively to your cooperative's success, whether you are a board member, officer, committee member, or dedicated member. Your knowledge and commitment to cooperative values will play a pivotal role in maintaining the cooperative spirit and thriving communities.

We encourage you to stay engaged, share your insights, and continue to explore innovative approaches to cooperative housing management. I appreciate your dedication to cooperative living, and we wish you success in all your cooperative endeavors.