Focus on leadership

Membership Orientation

Together we can do it.

Alone we fail

PARTICIPATION is the lifeline of the cooperative; The cooperative depends on each member to keep it alive and successful.

You and your fellow members represent different cultures, countries, customs, and languages, but one of many things you all have in common is that you have pulled together as one and provided the best possible housing for yourselves!

Cooperative living is a challenge and is not for everyone. It requires hard work, it requires knowing your neighbor, and it requires working

What is a Cooperative.
A cooperative is a business that is owned by the people who use it. If you belong to a credit union or mutual insurance company, you're already taking part in a

Cooperative living is enjoyed by more than 500,000 Americans across the United States. It's better living for less money.

Cooperative residents have an equal vote in the corporation which holds title to the property. Residents elect a Board of Directors. The Board sets standards of excellence to assure that the community remains a pleasant place in which to live.

Saving Taxes
How your money is spent. Each dollar in your monthly payment is carefully allocated to provide the finest housing at the lowest possible cost - all on a
non-profit basis.

As a tenant-stockholder in the cooperative housing corporation, you can deduct your share of its payments for

Introduction

This guide is designed for use by cooperative housing boards of directors, resident members, and co-op partners. It defines what a cooperative is, highlights the history of the cooperative movement, explains how co-ops are managed and governed, and explores what

Co-op members can do to recognize and provides guidelines that allow the best elements of cooperation.

Cooperative home ownership can be a rewarding housing experience, but it isn't always easy. Taking responsibility for your home, working with your neighbors, making difficult decisions, testing new skills, building a community—none of these things is simple, but each brings its reward. Co-op housing residents have discovered that by living and working together, they experience an improved quality of life and community that they could not have achieved on their own.

As a community owned and controlled by its members, a housing co-op is a reflection of the actions taken by its members. The primary purpose of this book is to help housing co-op residents make more informed decisions and take appropriate measures. Suppose you are a member of a housing co-op. In that case, this book offers you tools and information you can use to make decisions that will benefit you and your fellow cooperators long into the future, nurturing the precious community asset that is your co-op.

What is a cooperative?

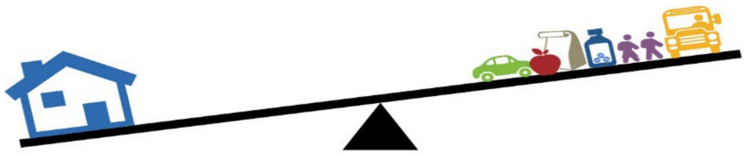
The International Cooperative Alliance defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled company." It is a company formed by a group of people who join forces and work together to solve a problem or reach a goal that they all share. Cooperative members come from all walks of life, are of all ages, and belong to all income groups. People form and join cooperatives to meet all sorts of needs and buy and sell products and services, from childcare to groceries to agricultural products to financial services.

There is probably a cooperative somewhere in the country to meet any need. Cooperatives are differentiated from other business entities in three ways: member ownership, member control, and member benefit.

Limited Equity Cooperative is formed, so that we will concentrate on this type of cooperative. One of the unique aspects of a cooperative corporation is that the co-op can adopt bylaw provisions that limit the maximum resale prices of co-op units. Typically, this strategy is employed to maintain long-term co-op housing affordability. Because this type of co-op limits each unit's equity appreciation, it is called a "limited equity" co-op.

When a member-owner sells a unit in a limited-equity co-op, any return on the sale is limited by a pre-determined formula. Each limited-equity co-op has its recipe contained in the co-op's bylaws. For example, some co-ops set the maximum share price at an artificially low figure, with any additional market value accruing to the cooperative rather than individual members.

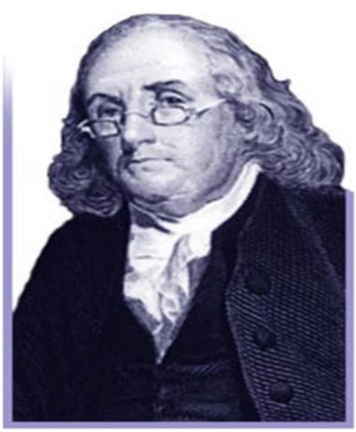
As a co-op member, you have a say in decisions that affect your home. You and your neighbors own your homes together, which means you have a say in how they are managed. Coop housing is not public housing. Co-ops are self-governed mixed-income communities' home to people of all ages and backgrounds. This diversity is one of the co-op movement's most significant strengths.



One in **four** renters pay **more than 50%** of their income on rent, leaving less money for other important expenses like transportation, food, health care or education.

The modern cooperative movement is rooted in a philosophical response to the challenges of the Industrial Revolution in mid-19th-century England. Robert Owen popularized the philosophy that cooperation, rather than competition, offered people the opportunity for better conditions and more remarkable achievements. In 1844, a group of weavers in Rochdale, England, applied Owens' ideas in response to their economic difficulties. The Rochdale weavers combined their resources, established a cooperative store, and laid out the principles that still guide the joint movement. Among these principles are concepts such as distributing profits equally among cooperative members exercising open membership, and democratic control.

Benjamin Franklin



(1706 - 1790)
Inducted;1987

Benjamin Franklin was the prime mover and organizer of the Philadelphia Contribution ship for the Insurance of Houses from Loss By Fire the oldest fire insurance company and operating cooperative in the nation. Franklin promoted the principle of mutual insurance in the United States and, as a signer of our Declaration of Independence, helped create a national climate in which cooperatives might grow.

The Philadelphia Contribution ship, the first successful mutual insurer in the country, had far-reaching influence on the philosophy and conduct of the insurance industry. Organized for the benefit of its policyholders, it proved the wisdom of the mutual idea whereby, as Franklin said, every man might help another, without any disservice to himself.

Cooperative Start

Legend suggests that the initial structured cooperative business in the United States was the Philadelphia Contribution ship for the Insurance of Houses from Loss by Fire, a mutual fire insurance company established in 1752. This association's reputation is likely based on two factors. First, Benjamin Franklin was the organizer. Second, the business has been conducted so efficiently over the years that it is still operating. Writers trace the origin of cooperatives from the
Rochdale Equitable Pioneers' Society, an urban consumer cooperative organized in England in 1844. It sold consumer goods such as food and clothing

Principles of the Cooperative Identity

Purposes

The primary purpose of a cooperative housing corporation and association is to provide its members with housing under mutual ownership or control at costs they can afford; based on a need to satisfy everyday economic, social, and cultural needs and aspirations, cooperators volunteer to own jointly and democratically control the enterprise. By mutual effort, it is possible for people organized as groups of consumers to pool their resources and provide themselves with suitable housing through non-profit, non-speculative cooperatives.

The Development of US Housing Cooperatives –A Summary of Events

YEAR	EVENT
1827	New Harmony of Robert Owen, Indiana
1881	Barring Apartments, NYC
1926	Amalgamated Housing Corporation, N YC—the first large, new construction- housing cooperative
1939	Internal revenue Code/Section 216
(approx.)	United Housing Foundation, NYC Mitchell-Lama Act, NYC (tax abatement) FHA Section 213 of the National Housing Act Foundation for Cooperative Housing
(1952)	National Association of Housing Cooperatives was formed
	Conversion of Greenbelt Homes, MD
1960	National Association of Housing Cooperatives was incorporated.
1961	FHA Section 221 (d)(3) and “BMIR.”
1968	FHA Section 236
1974	FHA Section 8, GNMA Tandem Programs 25,27
	FHA Section 203(n)
1978	Section 11(b)
	FHLBB Authority
	The National Cooperative Bank was created
1978-1979	FHLMC Authority
	Bates Act, California
1980	FNMA Authority
1989	Resolution Trust Corporation (RTC) created
1990	HOPE/HOME created

Rochdale Principles of Cooperation

The Rochdale Principles of Cooperation are based on the original cooperative efforts of the Rochdale Society of Equitable Pioneers in 1844 and focus on studying cooperative economics. These principles are the basis for most cooperative operations and guide collaborative projects worldwide.

1. **Voluntary and Open Membership:**
   Membership in a cooperative should be voluntary and available without restriction or any social, political, racial, religious, or sexual discrimination to all persons who can use its services and are willing to accept the responsibilities of membership.

2. **Democratic Member Control:**
   Cooperative societies are democratic organizations. All affairs should be administered by all persons elected or appointed in a manner agreed upon by the members and be held accountable to them.

3. **Member Economic Participation:**
   Members shall only receive a limited return on their capital investment, with no member gaining at the expense of another member. All other profits should be reinvested in the organization.

4. **Autonomy and Independence:**
   Cooperative organizations strive to remain autonomous. Any association with other organizations must ensure the ability of members to control their community democratically.

5. **Education, Training, and Information:**
   All cooperative societies should make provisions for the education of their members, officers, employees, and the public, in the principles and techniques of cooperation.

6. **Cooperation amongst the Cooperatives:**
   All cooperative organizations should cooperate practically with other cooperatives at local, national, and international levels.

7. **Concern for Community:**
   Cooperatives should work for sustainable development in their communities.

What is a Housing Cooperative?

More than 1.5 million families of all income levels live in homes owned and operated through cooperative associations in the United States. People of varying needs and desires have found ways to apply unified concepts to meet their housing needs.

Cooperative housing is not a new concept; the first housing cooperative in the nation was organized in New York City in the late 1800s. Today, there are over 1,500,000 units in cooperative housing communities throughout the United States, with large numbers located in major urban areas such as New York City, Washington, D.C., Chicago, Miami, Minneapolis, Detroit, Atlanta, and San Francisco.

Cooperative members own a share in a corporation that owns or controls the building and property in which they live; each shareholder is entitled to occupy a specific unit and has a vote in the corporation. Every month, shareholders pay an amount that covers their proportionate share of the expense of operating the entire cooperative, which typically includes underlying mortgage payments, property taxes, management, maintenance, insurance, utilities, and contributions to reserve funds. There are many benefits to cooperative ownership. These include personal income tax deductions, lower turnover rates, lower real estate tax assessments, reduced maintenance costs, resident participation and control, and preventing absentee and investor ownership.

Housing cooperatives come in many shapes and sizes; cooperatives include townhouses, garden apartments, mid-and high-rise apartments, single-family homes, student housing, senior housing, and mobile home parks. The purchase price of cooperative membership can be left to the market, or the cost can be maintained below market to preserve affordability. All cooperatives share a standard set of principles adopted by the International Cooperative Alliance.

The critical aspect of any cooperative is democratic control by the members to achieve an agreed-upon common objective. Democratic control is typically accomplished through governance by volunteer boards of directors elected from the entire membership. In addition to the board, co-ops often have many committees, such as a membership committee, maintenance committee, activities committee, and newsletter committee. Most co-ops hire a manager or management company to perform management functions; smaller co-ops often have no paid staff or management but will have members handle all the maintenance.

Principles

The cooperative principles listed below are guidelines by which cooperatives put their values into practice:

1. **Open membership without restriction.**

2. **Democratic control by member-owners-occupants.**

3. **Members contribute equitably to and democratically control the capital of their cooperatives.**

4. **Cooperatives are autonomous, independent organizations controlled by their members.**

5. **Cooperatives provide education and training for their members, elected representatives, managers, and employees so that they may contribute effectively to the development of the cooperative.**

6. **Cooperation among cooperatives.**

7. **Concern for Community.**

Roles & Responsibilities

within the Cooperative Structure

A cooperative board of directors safeguards the organizational assets, oversees operations, and ensures that laws and regulations are followed; At the same time, this is a commonly known bit of information; what may not be clear is what the roles and responsibilities of the other cooperative members are and how these groups work together to ensure the success of the cooperative.

Because a cooperative is owned and controlled by the people who use its services, the various persons affiliated with it must work even more closely together than in a non-cooperative firm. Customer service and satisfaction are the driving forces behind a cooperative, not maximizing the bottom-line return to investors. These take on a highly personal tone when the owners and directors, in their role as users, have regular contact with management and staff.

Members

Members are the foundation of the cooperative. They organized it. Their needs are the reason for their existence. Their support, through patronage and capital investment, keeps it economically healthy. And their Changing requirements shape the cooperative's future. Statutory law and the essential legal documents of a cooperative — articles of incorporation, bylaws, and contracts between the joint and its members — give the members the tools to control the common and the duty to use those tools for their mutual benefit. Legal rights and responsibilities of cooperative members typically include:

- To adopt and amend the articles of incorporation and bylaws.

- To elect and, if necessary, remove directors.

- To decide whether to dissolve, merge or consolidate the cooperative or form a joint venture with other suitable or non-cooperative firms.

- To ensure officers, directors other agents comply with laws applicable to the cooperative and its articles of incorporation, bylaws, and membership contracts.

- Be informed about the cooperative.

- To carry out their other duties, members must know what the cooperative is about, what it can do for them, its purpose, objectives, policies, and the issues it faces. They can obtain information through annual meetings, reports, newsletters, and talking to the manager, staff, directors, and other members.

- To effectively exercise their right of ownership, a member needs a good understanding of the present situation and projected future operations.

Be conscientious when selecting and evaluating directors.

Although the cooperative is a user-owner, democratically controlled form of business, members can't make all the decisions directly. They choose from among their peer's individuals with the best judgment and business management skills to represent them in management affairs as the
cooperative's board of directors. Loyalty, integrity, the ability to make wise business decisions, and willingness to serve are necessary characteristics for board members.

Provide necessary capital.

Members must provide the equity financing their cooperative needs for acquiring inventory, facilities, services, and working capital. This is done initially through the purchase of stock or a membership. It continues by paying their monthly caring charges,

Evaluate the performance of the cooperative.

Members should examine the annual report and observe whether the cooperative meets their needs. If they are dissatisfied with Cooperative performance, they should share their concerns with the directors. They should also express support for things the cooperative is doing well. Directors can't effectively represent the members if they don't know the members' true feelings.

Mission Statement

Our mission is to improve the community by providing low---cost, not---for---profit cooperative housing for moderate-income people and to be inclusive of underrepresented and marginalized groups of the community.

Affordability: exploring the problem

It has limited equity cooperatives to provide affordable housing now and in the future. Affordability is not only about the cost of buying a home – it needs to account for operation and maintenance costs. Accessibility to work and social infrastructure also matter. We define affordable housing as "housing which is adequate in quality and location and does not cost so much that it prohibits its occupants from meeting other basic living costs or threatens their enjoyment of basic human rights."

Budget cuts beginning in the 1980s have resulted in a situation where federal programs produce perhaps 25 percent of the amount of what they did in the 1980s. There's been an 18 percent increase in the number of low-income households from 2007 to 2013; The market seems destined to see runaway rent increases (6.6%), far outpacing the slow, stagnant, and worrisome growth in wages (2.5%).

The strength of the co-op model is that the consumers of the co-op's services are also the co-op's owners and so have ultimate control over the co-op. The model's weakness lies in the potential for some member-owners to abdicate their responsibility to control the co-op, opening the way for abuse of power by a select few co-op members. In an empowered situation, members are fully engaged in the control of the co-op. Members know and are involved in a dialogue with their neighbors: they are knowledgeable about the cooperative model and their co-op's legal documents; they participate in committees; they stay informed of the business of the co-op; they attend resident meetings; they comply with all co-op rules; they vote in elections. In short, they are good citizens.

Aside from amending the articles and bylaws and voting to dissolve, merge or consolidate the cooperative, most decisions regarding the cooperative's operations are delegated to the board of directors. For this reason, the selection of directors is critical, and every member is responsible for staying informed on important issues. A conscientious board will advise and consult the membership in various ways on essential matters. Still, the legal authority to make decisions on behalf of the corporation rests with the board of directors.

Your Rights

- A democratically run house and organization.
- Improvement and change in your house.
- To be heard and to listened to.
- Your Privacy and space.
- A safe and healthy environment.
- Capable officers.
- Thoughtful criticism of house and organizational issues.
- A clean, well-organized house.
- Access to financial records of the house and organization.
- To take pride in and be fully involved in your house.

Limited Equity Cooperatives

Limited equity cooperatives ensure long-term affordability in several creative ways, including limits on resale prices. As a limited equity cooperative, the occupant's ownership interest cannot be resold for more than the maximum price determined by a formula embedded in the by-laws. These documents impose a contractual cap on the price a homeowner may charge and the equity a homeowner may claim when reselling their shares. Transaction costs for buying or selling are also low for cooperative members since separate title searches and title insurance are unnecessary.

Homeowners usably walk away with more money than they brought when buying into this housing. The significant gain is in lower monthly charges; therefore, when we compare yearly, our monthly carrying charges to rentals in the area is $500 to $1500 less than rentals in the same size rentals. This ends up being a $6000 per year savings.

As a member, you agreed to work to save cost, so if everyone would put a thermometer down on their heat and call if the toilets keep running or there is a leak, you can help lower our yearly cost. The other way we save is by trying to buy in bulk and use the same models to keep our price as low as possible—therefore we do not like changes by members to their units.

As a non-profit limited equity corporation, we cannot make a profit and only charge what the cost is to take care of our bills. Maintenance fee, you could be charged for everything from rooftop decor to building repairs, which could even include fixing your neighbor's window. As a co-op shareholder, you technically have an interest in the upkeep of the entire building and thus pay for that upkeep.

Cooperative Principles

Cooperatives are governed by universal principles that include:

Member Ownership

When you join a co-op, you invest some amount of money in the co-op. You're not only a customer or a user but also an owner. As a co-op owner, you're concerned not only about whether the enterprise is making money but also whether the business is meeting the needs of its member-owners.

Member Control

Participation in decision-making is one of the primary ways owners exercise their rights. For example, you can cast one vote as a member-owner of a consumer co-op. Member-elected boards of directors lead co-ops. The directors are members who have agreed to serve the organization for several years. The co-op's manager reports directly to the board.

Your Responsibilities

Attend house meetings and stay up to date on board issues.

- Understand policies, bring ideas to house meetings, ask for the assistance from the board of directors if necessary, and listen to others.
- Respect the privacy and space of others.
- Report maintenance problems to the office.
- Talk to and support officers.
- Communicate your needs and concerns to the office.
- Act together to provide a cooperative, non-discriminatory, and non-violent atmosphere.
- Work towards creative solutions.
- Do your labor and encourage others to do theirs.
- Pay your monthly share on time.
- To stay informed on issues affecting the co-op.
- To comply with co-op rules and board policies.
- To vote on issues that come before the membership for a decision.
- To treat all common areas with respect.
- To treat fellow residents as equal owners.
- To behave as an owner, not a tenant.
- To become actively involved in the cooperative's committees and activities.

Member Benefits

A housing co-op's primary purpose is to provide affordable housing for its members, who are charged only for the cost of running the co-op. A co-op is in business to meet member needs, but, like any business, it must make at least as much money as it spends. Housing co-ops generally operate at cost or on a not-for-profit basis. Beyond everyday expenses, most housing co-ops reserve money for emergencies, vacancies, unexpected increases in operating expenses, regular maintenance, and property improvements.

Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, they ensure democratic control by their members and maintain their cooperative autonomy.

Education, Training, and Information–

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the public—particularly young people and opinion leaders—about the nature and benefits of cooperation.

Cooperation Among Cooperatives–

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, and international structures.

Member Benefit.

Member Ownership

When you join a co-op, you invest some amount of money in the co-op. You're not only a customer or a user but also an owner. As a co-op owner, you're concerned not only about whether the enterprise is making money but also whether the business is meeting the needs of its member-owners.

Homeowner Tax Advantages

The interest and real estate tax portion of a housing cooperative's mortgage payment enjoy the same beneficial tax treatment as the interest expense on a conventional single-family home or condo. The co-op passes these tax benefits on to its members.

Operation at Cost

In a cooperative, occupancy charges equal the actual cost of owning and operating the property.

Community Control

Community concerns, as well as individual benefits, are taken into consideration in all decisions. Co-op members also have the right (within legal limits) to enforce house rules than is typical in a condominium or townhome association.

Democratic and Civic Participation

The collective living experience empowers members, helping them build life skills and confidence. Studies show cooperative members are more active in their communities and more likely to vote.

Limited Liability

Individual members of the co-op are not personally liable for loans taken out by the cooperative corporation on behalf of its members.

Flexibility to Change Units

As household size or economic status changes, co-op members have the flexibility to change units within their cooperatives. Changing teams is primarily an internal process, undertaken by bylaw and board approval, and involves changing share ownership and proprietary lease/occupancy agreements.

Create Security

Feeling at home is directly related to feeling safe and providing a blanket of security in the co-op creates that environment. Community and neighborhood watch programs and volunteer-based public safety programs use member participation.

Social Fabric of the Community

Cooperatives are about living in a community with other like-minded individuals. As such, co-ops provide natural opportunities for members to form friendships, pursue common interests and, ultimately, strengthen their community.

Equity Accumulation

bylaws of the cooperative, members can build equity in their cooperative homes as they would in a single family. But a much lower amount to keep the suitable affordable.

Philosophy

cooperatives uphold the values of self-help, responsibility, democracy, equality, equity, and solidarity. In the tradition of the first cooperative founders, cooperative members encourage the ethical values of honesty, openness, social responsibility, and caring for others.

Ownership

Members own stock in the non-profit corporation that holds title to the building. Each month, members/shareholders pay an amount that covers operating expenses, including the mortgage payment. Monthly charges will increase only when the board of directors determines that taxes or handling costs justify an increase.

Joint Purchasing Opportunities

Cooperatives provide a ready vehicle for joint purchasing on behalf of their members and provide an economy of scale in operations. Such joint purchasing often can deliver to members a wider variety of products and services at a better cost.

Empowerment

The cooperative structure embodies the assumption that every member has a voice and that every member’s voice is valued. This attitude rubs off on members, who tend to be more civic-minded than their peer group at-large, participate actively in the community outside the co-op, and use skills in the professional life they have developed as members of the co-op.

Building Community

Co-ops are communities within larger communities. Members share common goals, a sense of identity, and pride from working together. Co-ops make good neighbors and can revitalize decaying neighborhoods. Many set up recreational, social, educational, and mutual help programs

Stable Payments

Housing cooperatives pay a portion of members’ monthly expenses that pay principal, and interest remains fixed over the loan term. Consequently, monthly payments remain stable over time and generally lag prevailing rental rates.

Affordable –

Members unite in a cooperative to get quality housing that is adequate in quality and location and does not cost so much that it prohibits its occupants from meeting other basic living costs or threatens their enjoyment of fundamental human rights.

Services

the Cooperative contracts for lawn mowing, snow removal, and trash pickups. Following a few rules regarding these is essential. Maintenance plows and salts the main sidewalks when there is snow or ice. All members are responsible for shoveling and de-icing from the main sidewalk to their stoop.

Community

"A community is a living organism,"

Community building is layered, dynamic, and messy. But despite this, it represents the most incredible opportunity to unlock clothing's social and economic potential.

So, we define "Real Community" as a place, an environment where we can drop our "masks," indeed be ourselves, and be accepted and loved. This environment promotes the most significant and fastest healing of problems, the most straightforward resolution of difficulties, differences, and misunderstandings, and quickly the most incredible love between people. In this type of environment, life truly becomes more and more a celebration.

A real community promotes more love and more truth. In a simplistic yet accurate way, it can be said that more love and truth encourage a more real community. It is an awakening and a positive cycle that turns life into a celebration! Here again, a quick, practical summary might well be:

It's where communities come together to greet newcomers, exchange recommendations, and read the latest local news, where neighbors support local businesses and get updates from public agencies, and neighbors borrow tools and sell couches. It's how to get the most out of everything nearby. Welcome, neighbor.

True, Genuine Community is the art and practice of being our most loving, open, and authentic selves while we honor others doing the same. This creates an environment that caters explicitly to the fulfillment of the six primary human needs and is foundational to the emotional aspect of sustainability for the complete human experience.

Differences between traditional and "True Community."

1. Inclusivity, commitment, and consensus: Members accept and embrace each other, celebrating their individuality and transcending their differences. They commit themselves to the effort and the people involved. They make decisions and reconcile their differences through consensus.

2. Realism: Members bring together multiple perspectives to better understand the whole context of the situation. Decisions are more well-rounded and humbler rather than one-sided and arrogant.

3. Contemplation: Members examine themselves. They are individually and collectively self-aware of the world outside themselves, the world inside themselves, and the relationship between the two.

4. A safe place: Members allow others to share their vulnerability, heal themselves, and express who they are.

5. A personal disarmament laboratory: Members experientially discover the rules for peacemaking and embrace its virtues. They feel and express compassion and respect for each other as fellow human beings.

6. A group that can fight gracefully: Members resolve conflicts with wisdom and grace. They listen and understand, respect each other's gifts, accept each other's limitations, celebrate their differences, bind each other's wounds, and commit to a struggle rather than against each other.

7. people's foundational needs are essential to freeing people so they can focus on how they can help others. People who no longer must worry about getting these needs met can become

a part of the more significant, more significant paradigm shift toward The Highest Good.

8. A spirit: The true spirit of Community is the spirit of peace, love, wisdom, and power. Members may view the source of this spirit as an outgrowth of the collective self or as the manifestation of a Higher Will.

9. Community feels True Community satisfies people's foundational human needs better than anything else. We look at the world today and see people who have achieved Community as pleased people.

What is Cooperative Living?

What is cooperative living? The most straightforward answer is that people live together in a self-governing group so that everyone benefits from the group's success. This house is your house, and you contribute directly to its well-being and thus to your own. Cooperation is not about restricting your freedom and self-expression. Instead, it gives you a direct relationship with your environment and creates a meaningful context in which you can act. Feeling happy and want to share it? Bake cookies. Or repaint a bathroom. Or build a table.

The freedom to act within a community context is much more valuable than the "independence" which can be purchased by wealth or status in our society. In a cooperative, you work together with other people toward common aims, making it easier for everyone to fulfill their personal goals. The moral of the story: do your part; we're all in this together.

When doing your part in the co-op, try to pick things you want to do because there's no point in volunteering for a task you won't enjoy (or at least won't enjoy completing). Part of working together effectively is having a division of labor that makes sense personally. Part of self-determination is taking responsibility for your actions, including little things like picking up after yourself. If you start something and don't finish it, ensure it's not in anyone's way.

A certain amount of conflict is natural. Capitalism obscures conflict by dealing with everything on a financial level - everything has a price, and if you break the rules, you pay a fine. We prefer to talk about our problems and resolve them to benefit everyone. This means you must be willing to listen and accept that different people may have other ideas about how the standard rooms should look or what's appropriate to cook.

Co-op living is about cultivating particular and unique relationships here and now. Relationships – are vital; both need to work together. We have relationships strengthened by shared food, community, and labor.

There are many perspectives and things to learn about cooperative living. Everyone has something to say and to learn about this. There are few places in this society where we get such a chance. So, we should take advantage of it to foster a lively, relevant, and helpful dialogue about cooperation.

Legal Structure

Co-ops are not considered real property. When you buy into a co-op, you become a shareholder in a corporation that owns the property. As a shareholder, you are entitled to exclusive use of a housing unit on the property.

Every cooperative has a basic set of incorporation documents that govern how the cooperative works. These are essential documents, and each member should receive a copy upon joining the cooperative.

Articles of Incorporation

The articles of incorporation constitute the legal document that establishes the cooperative as a business entity, subject to the laws of the state in which the co-op is chartered.

Articles of incorporation should enable the corporation to function on a cooperative basis, allow the project to operate at cost, and facilitate member patronage rebates. Properly constructed, the articles let fair use, for tax purposes, under subchapter T of the Internal Revenue Code, which provides for a single level of taxation that minimizes tax cost. Articles of incorporation should be drafted by Internal Revenue Code Section 216, which allows cooperative shareholders/members, like other homeowners, to take advantage of the deduction for mortgage interest and real estate taxes.

The articles should state that the corporation's purpose is to own and operate multifamily housing on a cooperative basis. The articles should refer to any government program, land lease, or limited-equity format restricting cooperative.

Bylaws

A by-law is a rule or law established by an organization or community to regulate itself, as allowed or provided for by some higher authority. The higher power, generally a legislature or some other governmental body, establishes the degree of control that the by-laws may exercise.

Occupancy Agreement (Proprietary Lease)

The occupancy agreement is a proprietary lease between the cooperative corporation and the member. The deal grants members the right to live in specific units, provided they abide by the terms of the occupancy agreement, pay their share of the housing costs, and abide by all rules and regulations of the cooperative. The occupancy agreement sometimes outlines the consequences of a member not adhering to the terms of the occupancy agreement.

The occupancy agreement is a comprehensive document stating what the co-op expects from its members and what the members can expect from the co-op. Each member should be thoroughly familiar with all terms of the agreement.

Other Documents

In addition, most co-ops develop a detailed set of House Rules that define members' expected behavior and govern the co-op's everyday operations, such as operational policies governing admittance of pets, use of common spaces; member improvements; and noise limits. These rules are ultimately enforceable (by way of agreement to the occupancy agreement) through occupancy termination. Incorporation. Indicate, for instance, that your purpose is to “conduct any business allowed by law.”

Working with Professionals

Cooperative uses professional help needed to make the project a success. They will cost money, but part of building your project is learning to spend money wisely and appropriately.

Lawyer

A lawyer or attorney will be necessary to advise you, as a group, on legal matters concerning organizing, incorporation, and contracts. They may also be of service in contract negotiations.

Accountant

Consult an accountant about taxes. Your accountant can save you far more money than you will spend on accounting services if you consult them early and throughout your project's planning stages. Your accountant can also assist you in setting up you’re bookkeeping and accounting system.

Property Management

To protect their investment and affordability, more than nine out of ten affordable housing cooperatives retain a professional property manager to scrutinize income and expenses, fill vacancies and conduct the annual auditing and budgeting procedures. Professional marketing helps you plan and execute your marketing and membership program.

A cooperative's success is determined by its governance structure's quality and strength. Understanding the appropriate relationship among the members, the board of directors, and the cooperative’s management is fundamental to setting the stage for success. In any cooperative, it is critical to maintain a balance between effective decision-making and a democratic process. The co-op must operate within a framework that allows members to oversee its operations as effectively as any outside owner while fostering the growth of the co-op and its members by incorporating the cooperative principle of democratic decision-making. The main elements of the collaborative governance structure are members, board of directors, and committees. The basic unit of governance is the individual member. Each member has certain rights, which are balanced by responsibilities.

Community facilities will be owned and operated by the Cooperative and serve all its members. The cost of operating and maintaining the facilities is included in the Cooperative's budget, on which the monthly housing charges are predicated.

The purpose Cooperative corporation is organized are:

1. To provide housing on a cooperative basis in the manner and for the purpose necessary to obtain mortgage loan financing.

2. To accrue, operate, maintain, and improve, and to buy, own, sell, convey, assign, mortgage or lease any real estate and personal property necessary or incident to the provision of said housing

3. The corporation has been organized exclusively to provide housing facilities for persons of low and moderate income,

Occupancy Agreement

The unique thing about being a member of a housing cooperative is that you are both resident and owner. You have purchased one share of stock in this corporation for a fixed fee of $100, which is part of the membership price. This share of stock is your contract with the cooperative as part of the owner and entitles you to one vote per unit. You are not renting an apartment or townhouse; you have bought a share in the cooperative. This is considered personal property and not "real property," i.e., you do not own real estate. Signing the Occupancy Agreement entitles you to occupy a unit.

The Occupancy Agreement renews itself every three years. If a member wishes to move out, that member is responsible for the carrying charges on the unit until the membership is sold. The member needs to inform management of their intentions; if the member request to sell the membership with help from the office, a $35 charge will be incurred. The new member must meet the Cooperative's Tenant Selection Plan criteria.

Carrying Charges

Your monthly carrying charges are due the first of every month with a ten-day grace period. This means you have until the morning of the 11th (before the office opens for business) to pay your carrying charges.

There is a drop box in the door for your convenience at night and on weekends. You will be assessed a $50 late fee and given a 10-day notice to pay if you are late. The board is willing to work with members up to a certain point, but they must act quickly where necessary to protect the Cooperative.

If the Board approves a budget, which calls for an increase in carrying charges, the growth will usually take effect on January 1st each year. This means that you will be notified of upcoming changes before the end of December. Also, one increase does not mean that the Board could not increase charges again later in the year if necessary. Additions directly affect the cooperative's ability to pay the bills.

Committees

Various committees assist the Board with carrying out the business of the Cooperative. Committees that are currently active at Cumberland Green are: Orientation Committee introduces new members to Cooperative living; Finance Committee monitors expenditures and helps in the preparation of the budget; Activities Committee plans various parties for both children and adults in the co-op.

Playground Committee is responsible for the safety and maintenance of the playground equipment; House and Grounds keeps a check on the appearance of the exterior of each building and the grounds in general; our Newsletter is the vehicle by which the Board and the membership can communicate with each other, Co-op Fest is a daylong party of the membership. You can also voice problems or concerns to management and the Board of Directors. We invite and encourage all new members to become involved.

Management

The cooperative has an outside management agency and an onsite manager that run the day-to-day affairs of the Cooperative. The Board of Directors works closely with management to resolve problems and plan and set up a budget for the following year. The budget is based on the current year's expenses and any foreseeable needs the cooperative will encounter. The expenses include the mortgage payment, taxes, management fees, maintenance costs, utilities, and Reserves that are set aside for contingencies. Once the Board approves the budget, it must be approved by Illinois Housing.

If you need to report a maintenance item, please call the office (584-5150) to have a work order made up. Please contact us as soon as possible because things like dripping faucets and toilets can cost the cooperative money. Please refer to the Rules and Regulations on what is an emergency and what is not. The Cooperative has a number after office hours to get the answering service. Maintenance will leave a copy of the work order in the unit when they go, telling what they did. If you desire to be home when maintenance is fixing your problem, please let the office know, and a scheduled appointment will be set up during maintenance hours.

Outside Services

The Cooperative contracts for lawn mowing, snow removal, and trash pickups. Following a few rules regarding these is essential. Maintenance plows and salts the main sidewalks when there is snow or ice. All members (except senior citizens and disabled members) are responsible for shoveling and de-icing from the main sidewalk to their stoop. Parking lots are plowed according to a set schedule after two inches of snow has fallen. You will need to move your vehicle during this time. Also, remind your children that they are not to play on or around the snow fences.

Members are also responsible for ensuring their trash is sealed correctly and makes it INTO the Dumpster. If your children take out the garbage, please make sure they put it in the Dumpster--not beside it! Is it your responsibility to see that your children do not play in or around the dumpsters?

DSS Inspections

Once a year, your unit must be inspected by management to ensure Decent, Safe, and Sanitary conditions. You will be notified in advance, and appointments can be made with the Site Manager, but they are unnecessary. The inspections take place in the spring and summer months.

Coop Maintenance

Maintenance costs include repairs to roofing, plumbing, electrics, tiling, repainting, plastering, landscape gardening, etc., and operational costs such as heating, cooling, electricity, water consumption, property tax, and insurance. Operating costs can be significantly reduced through measures such as metering in individual apartments, thermostatic valves, and heat cost allocators on radiators.

Maintenance standards are set by the Board of Directors, who retain a professional property management firm to supervise the maintenance staff. Exterior care includes structural repairs, lawn, and shrubbery care, snow and trash removal, and outside painting. Major interior repairs include plumbing and electrical system maintenance, structural repairs, and replacements. Maintenance, repair, and replacement of significant appliances included as specified in the co-op documents

Co-op members pay a monthly maintenance fee (sometimes called a carrying charge) to cover their portion of the building’s operating and maintenance expenses. These expenses are billed at cost, so there’s no markup for the items and services covered in the maintenance fee.

Board of Directors

Your share of stock gives you the right to use your one vote to elect the people who will serve on the Board of Directors. There are five volunteer members on the Board. The by-laws state that a majority, or three people, must be members of the Cooperative. The board members serve staggered terms.

This ensures that the board will not turn over every year. They are elected at the annual meeting of the membership, which is listed in the By-Laws. The regular monthly board meetings. All members are encouraged to attend the open session of these meetings. It is an excellent way to meet the Board and become familiar with the happenings in and around the Co-op.

All Board Members should be certified.

The Board Members are non-paid positions. The elected board members meet to review and run the coop. (By the way, we are board members only during a board meeting. The rest of the time, we are regular members as you are.)

Because the board members are all volunteers and do not have coop experience, they go to the Midwest Association of Housing Cooperatives conference once a year for training.

Our board members take classes like ethics, budgeting, and others that keep us updated as things and laws constantly change.

The Certified Cooperative Specialist (CCS) certificate program strengthens cooperative housing Board Members, helping the Board Members achieve ever-increasing higher professional standards. This is a certification for cooperative board members. We must retake the class every three years and pass a test to keep our certificate.

Affordable Housing & Economic Security

Lack of participation by members

There are indications that, in some cases, the lack of participation among co-op members is high; residents' primary reason for joining the cooperative was the difficulty in accessing affordable housing in the private rental market. Housing cooperatives do not always attract members willing to run and take care of their housing. One of the major struggles, as gathered from the focus groups, is participation. The cooperatives struggle to maintain the active participation of the residents. Some members stated that some people do only the bare minimum, and to honestly do cooperative work, all members must put in their fair share. All co-ops have a board of directors to facilitate the decision-making. Still, it is difficult to practice the cooperative framework when only the board of directors is genuinely involved.

One co-op member suggested that there needs to be an annual "renewal of vows" to keep people continually aware of their commitment when they become co-op members.
"a cooperative is a living organism; it thrives on participation."

Both the lack of adequate participation is directly related to a poor understanding of how co-ops function and succeed. It is essential that there is ongoing training and technical assistance to ensure that members participate in the affairs of their housing and maintain effective control over their joint assets.

Annual Membership Meeting

The co-op is required to have an Annual Membership Meeting. Bylaws set the date and place and specify the procedure for notification of members, determination of quorum (percent of members of record required to be present for business to be conducted), and adjournment of the meeting when a quorum is not present. Voting rights and procedures are also described in detail in the bylaws, as are methods of appointing proxies. Some bylaws provide an order of business to be followed at the annual meeting.

Purpose of the Annual Meeting

Co-op Democracy Co-op members elect the board of directors.

Communication and Education

The Treasurer reports on the co-op's finances, the President reports on the workings of the board, and each committee reports on its accomplishments over the year.

Planning and Goal setting

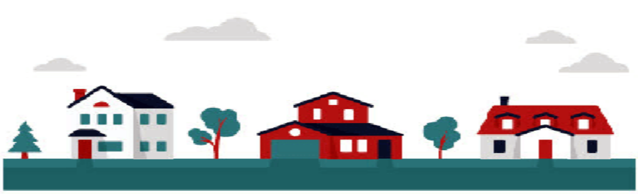
Members discuss and determine what things are essential for the co-op to accomplish in the coming year and what goals it will set for itself.

Acknowledgments

Acknowledgments are essential (but often overlooked) components of the meeting.

Annual Meeting.

Every member deserves to hear appreciation for the work and energy they have contributed to the co-op. A common complaint of co-op living is that there is very little acknowledgment of members' contributions.



Hot topics

There are several issues that all groups must deal with at some point. These are issues that can keep any one individual from feeling comfortable about joining the group. Some are immediately apparent, and some are more philosophical, but each has an impact on the way members or potential members feel about their relationship to the group. Hot topics may include:

- Pets
- Parking
- Pesticides
- Firearms
- Wood Stoves
- Smoking

Sources of conflict

Creating a vision through working together is guaranteed to accomplish two things - conflict and change. Conflict is a call for creativity; it is something to resolve rather than avoid. Knowing in advance situations that often generate conflict can be helpful. Most people try to resolve conflict at the interpersonal level, but it is more effective to address conflict at the level of structure and processes. The following list gives some critical areas of conflict and how they can be addressed:

Power is inequitably distributed. Attend to group structure and processes when power differentials are causing conflict. Are certain members given special consideration and influence because they are female, male, older, younger, or belong to a minority?

Perceptions of a situation differ. People's perceptions differ dramatically because of differences in values, personal strengths, learning styles, education, and cultural beliefs.

Roles are unclear. Volunteer associations generate conflict by not clearly defining who is doing what and when. They also cause conflict by determining who is doing what and by when.

Responsible members will generally try to define roles, expectations, and logical consequences to see if they can trust others.

” You have three choices: keep on fighting, ignore each other, or make up and be friends.”

Committees

Committees play an essential role in carrying out the business of the co-op. The board of directors typically delegates specific tasks to one or more committees, which carry out their assignments between board meetings and then report back to the entire board with the results of its work. Committees are an efficient way to accomplish various tasks and allow maximum member participation in co-op activities. By providing a vehicle for involving non-board members in the co-op affairs, the workload and pressure are reduced for the board, whose directors might otherwise feel overwhelmed by a burden of responsibility. Committees also represent a natural mechanism for identifying emerging leaders among co-op members and developing future board members.

Overview of Committees

Committees may include only board members but should ideally have a mix of board and non-board members. In either case, a person must be a member in good standing to sit on a committee. Each committee should include at least one board member responsible for reporting on behalf of the committee to the board. The committee’s power is derived from the board, so the board must approve all recommendations made by a committee unless a different authority has been explicitly delegated to the committee beforehand.

Purpose of Committees

- Increase the number of residents who are active participants in the cooperative.
- Promote communication among residents.
- Distribute workload and prevent burnout.
- Give residents an opportunity to act on their personal interests, such as finance, member out-reach or physical plant maintenance.
- Help residents understand what's involved in running a cooperative.
- Research problems and make recommendations to the board of directors.
- Provide the opportunity for an individual to measure interest in and knowledge of the cooperative, gauge the value and soundness of his or her judgment and assess potential qualifications for a seat on the board of directors.

Committee Chair Responsibilities

co-ops feel that the director-chairperson should be responsible for work being carried out in the co-op's name and for which the board is ultimately accountable. This logic is especially applicable to standing committees. In any event, each committee should have a board member that acts as a liaison with the board.

Committee Job Description

Each committee's job description must be clear. The limits of the committee's decision-making authority and spending powers are fundamental and must be delineated. Committees are great for involving members but can create an ill will if they have unrealistic expectations about the extent of their authority.

Committee Guidelines

The following guidelines should govern the work of every committee:

- Prepare a meeting agenda and send to committee members in advance of meeting.
- Facilitate the meeting.
- Ensure that meeting minutes are being taken. See sample committee minutes in the Appendix.
- Act as a resource and encourage members to follow through on their commitments.
- Maintain an ongoing list of issues to research for the board of directors.
- Encourage every committee member to participate in the meeting and accommodate different personal styles.
- Deal with conflict openly and honestly.
- Assist the committee in setting guidelines for process and code of conduct.
- Make full, accurate and timely reports to the Board of Directors.

Committee Member Responsibilities

- Arrive on time for meetings. Notify the chair in advance if late or unable to attend.
- Maintain a folder or notebook containing meeting notes and minutes.
- Bring materials or tasks they have completed to share with the group.
- Stay focused on the task and participate in committee discussions and decisions.

- Ask for information or assistance when needed.
- Share the committee workload as needed.
- Fulfill commitments.
- Advise the committee chair when unable to fulfill the commitment
- Support and encourage other committee members.
- Support the chair in efforts to facilitate a productive meeting

House Rules

House rules guide the everyday operation of the property. They should be discussed at a membership meeting, formally adopted by the board, and then explained to any new residents as part of their orientation.

The purpose of house rules and policies is not to put unnecessary burdens on individual members. Regulations and policies create expectations of how the cooperative will consistently deal with individual members in certain situations. They replace arbitrary treatment with due process. House policies need not be excessive or inflexible. Because members set the rules for themselves, they are not likely to impose unnecessary hardships or requirements but come to understand why some policies are needed. House policies are enforced consistently and fairly.

Some issues, like pets, may be contentious but are worth working through. The rules will be easier to enforce if everyone feels their concerns have been heard. It is essential that the house rules are fair, enforceable, and executed.

Knowing our neighbors, feeling like we belong, being a part of something that we care about and care about us — these elements of rebuilding sustainability in the world around us.

Willingness and ability to obey rules. With shareholders' input, co-op boards create regulations and bylaws everyone is expected to follow.

Membership Orientation

PARTICIPATION is the lifeline of the cooperative; The cooperative depends on each member to keep it alive and successful.

You and your fellow members represent different cultures, countries, customs, and
languages, but one of many things you all have in common is that you have pulled together as one and provided the best possible housing for yourselves!

Cooperative living is a challenge and is not for everyone. It requires hard work, it requires knowing your neighbor, and it requires working

Together we can do it.