BERENDSON ACADEMY
EDUCATE • EMPOWER • ELEVATE

STRONG GOVERNANCE.
STRONGER COMMUNITIES.

ANNUAL LEGAL & COMPLIANCE CHECKLIST

A Legal Check-Up for Housing Cooperatives

Use this comprehensive checklist to evaluate your cooperative's legal health, reduce risks, ensure compliance, and strengthen governance for long-term stability and success.

THIS CHECKLIST COVERS:

- Corporate Compliance
- Board Governance
- Financial & Tax Compliance
- Legal Documents & Contracts
- Risk Management & Policies
- And Much More...

BE PROACTIVE.
STAY COMPLIANT.
PROTECT YOUR COOPERATIVE.

WHY A LEGAL CHECK-UP MATTERS

- Identify Risks Early
- Ensure Legal Compliance
- Strengthen Board Accountability
- Protect Assets & Members
- Build a Stronger, Safer Community

REVIEW ANNUALLY.
ADAPT REGULARLY.
SECURE YOUR FUTURE.

"Good governance isn't just good practice—it's good protection."

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Is Your Cooperative *Due for a* Legal Checkup?

If you're wondering whether your housing cooperative is due for a legal "checkup," the real question is whether hidden risks, outdated documents, or structural gaps could create problems down the line.

Co-ops operate at the intersection of corporate, real estate, and contract law—an environment where small oversights can turn into significant issues if left unaddressed.

That's why periodic legal reviews aren't just helpful—they're essential for long-term stability.

A thorough legal checkup takes a close look at the cooperative's governing framework, day-to-day operations, and compliance obligations. It helps identify vulnerabilities, clarify responsibilities, and ensure that everything—from bylaws to occupancy agreements—*still reflects current laws and the co-op's evoiving needs.*

Reviews Include:

- ✔ Compliance with statutory requirements
- ✔ Consistency between cooperative practices and legal requirements
- ✔ Compliance with tax laws
- ✔ Facilitate strategic documents for the cooperation
- ✔ Governance
- ✔ Financing
- ✔ Business combinations
- ✔ Policies
- ✔ Rules
- ✔ Contracts
- ✔ Membership Agreements

When to Seek Legal Help:

- ✔ Documents haven't been updated in 5–10+ years
- ✔ Frequent disputes with shareholders
- ✔ Refinancing or taking on major debt
- ✔ Major capital project planned
- ✔ Rules are being inconsistently enforced
- ✔ New laws or regulations recently changed

***Staying proactive** with legal checkups can prevent minor issues from becoming major headaches for your cooperative.*

1. Corporate Status (State Compliance)

What this covers:
This section ensures your cooperative is legally recognized and remains in good standing with the state, including required filings and accurate corporate records.

Why it matters:
Failure to maintain compliance can result in penalties, loss of legal protections, difficulty obtaining financing, and increased liability for the board.

✓	Checklist Item	Risk	Action
☐	Filed annual reports with the state?	□ Low □ Med □ High	
☐	Are annual reports up to date?	□ Low □ Med □ High	
☐	Do reports list all current officers and directors?	□ Low □ Med □ High	
☐	Is the cooperative in good standing with the state?	□ Low □ Med □ High	
☐	Is the registered agent and address current?	□ Low □ Med □ High	
☐	Is contact information accurate and up to date?	□ Low □ Med □ High	
☐	Is the corporate records book updated (minutes, resolutions, shareholder list)?	□ Low □ Med □ High	
☐	Have state statutory requirements been reviewed recently?	□ Low □ Med □ High	

⚠ **Common Risk:**
Missing or late filings can cause the cooperative to fall out of good standing, which may impact loans, contracts, and legal protections.

Pro Tip:
Assign one board member or manager to track all annual filing deadlines and maintain a compliance calendar.

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2. Board Governance & Meetings

What this covers:

This section reviews how the board operates, makes decisions, conducts meetings, and documents its actions in accordance with the bylaws and legal requirements.

Why it matters:

Strong governance protects the board from liability, ensures decisions are enforceable, and builds trust within the cooperative. Poor governance can lead to disputes, legal exposure, and ineffective leadership.

☑	Checklist Item	Risk	Action
☐	Is an annual shareholder meeting held as required?	□ Low □ Med □ High	
☐	Are board meetings held regularly?	□ Low □ Med □ High	
☐	Are meeting minutes properly documented and maintained?	□ Low □ Med □ High	
☐	Do minutes record attendance, motions, votes, and abstentions	□ Low □ Med □ High	
☐	Are meetings noticed and conducted in accordance with the bylaws?	□ Low □ Med □ High	
☐	Are board elections conducted according to the bylaws?	□ Low □ Med □ High	
☐	Are conflict-of-interest disclosures completed annually?	□ Low □ Med □ High	
☐	Are conflicts properly disclosed and handled during decisions?	□ Low □ Med □ High	
☐	Do board actions align with fiduciary duties (care, loyalty, good faith)?	□ Low □ Med □ High	

⚠ **Common Risk:**

Failure to properly document meetings and decisions can invalidate board actions and expose board members to legal challenges.

Pro Tip:

Use a consistent meeting agenda and minutes template to ensure all required elements (attendance, motions, votes) are always recorded.

3. Financial & Tax Compliance

What this covers:

This section reviews the cooperative's financial responsibilities, including tax filings, budgeting, and reserve planning to ensure financial stability and compliance with applicable laws.

Why it matters:

Financial mismanagement or missed tax obligations can lead to penalties, audits, loss of tax advantages, and long-term financial instability for the cooperative.

☑	Checklist Item	Risk	Action
☐	Are federal tax filings completed on time?	□ Low □ Med □ High	
☐	Are state tax filings completed on time?	□ Low □ Med □ High	
☐	Are the required shareholder tax documents issued (if applicable)?	□ Low □ Med □ High	
☐	Is an annual budget prepared and approved by the board?	□ Low □ Med □ High	
☐	Are reserve funds reviewed regularly for adequacy?	□ Low □ Med □ High	
☐	Are financial records accurate and up to date?	□ Low □ Med □ High	
☐	Are expenses tracked and aligned with the approved budget?	□ Low □ Med □ High	
☐	Are financial reports reviewed regularly by the board?	□ Low □ Med □ High	
☐	Is there a process in place for financial oversight and internal controls?	□ Low □ Med □ High	

⚠ **Common Risk:**

Failure to properly manage finances or file taxes can result in penalties, audits, and loss of financial stability.

Pro Tip:

Schedule quarterly financial reviews with the board to monitor performance, reserves, and any potential issues early.

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4. Fair Housing Compliance

What this covers:

This section reviews the cooperative's policies and practices related to member selection, treatment, and occupancy to ensure compliance with Fair Housing laws and regulations.

Why it matters:

Failure to comply with Fair Housing laws can result in lawsuits, fines, government investigations, and serious reputational damage to the cooperative.

✓	Checklist Item	Risk	Action
□	Do policies comply with the Fair Housing Act?	□ Low □ Med □ High	
□	Are member approval criteria clearly defined in writing?	□ Low □ Med □ High	
□	Are approval standards applied consistently to all applicants?	□ Low □ Med □ High	
□	Are there any practices that could be considered discriminatory?	□ Low □ Med □ High	
□	Are reasonable accommodation procedures in place?	□ Low □ Med □ High	
□	Are accommodation requests documented and handled properly?	□ Low □ Med □ High	
□	Are board members trained on Fair Housing requirements?	□ Low □ Med □ High	
□	Are rules and policies reviewed periodically for compliance with current laws?	□ Low □ Med □ High	

⚠ **Common Risk:**

Inconsistent application of rules or approval criteria can lead to discrimination claims—even if unintentional.

Pro Tip:

.Document every approval, denial, and accommodation request to demonstrate consistency and compliance.

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5. Shareholder & Ownership Records

What this covers:

This section reviews how the cooperative tracks ownership, membership rights, and documentation related to shareholders and occupancy.

Why it matters:

Incomplete or inaccurate records can lead to ownership disputes, legal challenges, and difficulty enforcing agreements or transferring shares.

☑	Checklist Item	Risk	Action
☐	Is the shareholder ledger accurate and up to date?	□ Low □ Med □ High	
☐	Are all shareholders properly recorded with current contact information?	□ Low □ Med □ High	
☐	Are share certificates properly issued and tracked?	□ Low □ Med □ High	
☐	Are proprietary leases signed and on file for all units?	□ Low □ Med □ High	
☐	Are occupancy agreements current and properly executed?	□ Low □ Med □ High	
☐	Are transfer procedures clearly defined and consistently followed?	□ Low □ Med □ High	
☐	Are approvals and rejections of applicants properly documented?	□ Low □ Med □ High	
☐	Are records securely stored and easily accessible when needed?	□ Low □ Med □ High	

⚠ **Common Risk:**

Missing or inconsistent ownership records can lead to disputes over who has legal rights to a unit or membership.

Pro Tip:

Maintain both digital and physical copies of all ownership and membership records, and update them immediately after any change.

6. Insurance Coverage Review

What this covers:

This section reviews the cooperative's insurance policies to ensure adequate protection against property damage, liability claims, and operational risks.

Why it matters:

Insurance gaps can be catastrophic. A single uncovered claim could result in major financial loss for the cooperative and its members.

☑	Checklist Item	Risk	Action
☐	Does property insurance reflect current replacement value?	□ Low □ Med □ High	
☐	Is Directors & Officers (D&O) insurance active and current?	□ Low □ Med □ High	
☐	Is general liability insurance in place?	□ Low □ Med □ High	
☐	Is workers' compensation coverage in place (if applicable)?	□ Low □ Med □ High	
☐	Is property and casualty insurance adequate?	□ Low □ Med □ High	
☐	Are management bonds or fidelity bonds in place (if needed)?	□ Low □ Med □ High	
☐	Has coverage been reviewed recently for gaps or exclusions?	□ Low □ Med □ High	
☐	Does the board understand key coverage limits and exclusions?	□ Low □ Med □ High	

⚠ **Common Risk:**

Many cooperatives assume they are fully covered—but coverage gaps or exclusions can leave the co-op exposed when a claim arises.

Pro Tip:

Review insurance policies annually with a qualified broker and compare coverage against current property values and risks.

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7. Building & Safety Compliance

What this covers:

This section reviews building inspections, safety systems, maintenance responsibilities, and compliance with local and state regulations.

Why it matters:

Failure to meet safety and building requirements can result in fines, unsafe living conditions, injuries, and serious legal liability for the cooperative.

☑	Checklist Item	Risk	Action
☐	Are all required local and state inspections completed?	□ Low □ Med □ High	
☐	Are fire safety systems inspected and compliant?	□ Low □ Med □ High	
☐	Are building codes and permits up to date?	□ Low □ Med □ High	
☐	Are accessibility requirements reviewed and compliant?	□ Low □ Med □ High	
☐	Is there a clear distinction between common areas and private units?	□ Low □ Med □ High	
☐	Are repairs and maintenance tracked and documented?	□ Low □ Med □ High	
☐	Are safety issues addressed promptly?	□ Low □ Med □ High	

⚠ **Common Risk:**

Missed inspections or unclear maintenance responsibilities can lead to safety hazards and legal liability if an incident occurs.

Pro Tip:

Keep a compliance calendar for inspections, safety checks, and maintenance schedules to ensure nothing is overlooked.

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8. Rules Enforcement rerr

What this covers:

This section reviews how the cooperative enforces its rules, documents violations, and applies penalties consistently across all members.

Why it matters:

Inconsistent enforcement weakens the authority of the board, creates conflict among members, and can make rules legally unenforceable.

✓	Checklist Item	Risk	Action
☐	Are house rules clearly written and accessible to members?	□ Low □ Med □ High	
☐	Are rules enforced consistently across all members?	□ Low □ Med □ High	
☐	Are violations documented in writing?	□ Low □ Med □ High	
☐	Are notices of violations communicated properly?	□ Low □ Med □ High	
☐	Are fines or penalties authorized by governing documents?	□ Low □ Med □ High	
☐	Are penalties applied fairly and consistently?	□ Low □ Med □ High	
☐	Is there a clear process for handling repeat violations?	□ Low □ Med □ High	
☐	Is selective enforcement avoided?	□ Low □ Med □ High	

⚠ **Common Risk:**

Selective or inconsistent enforcement can make rules unenforceable and expose the cooperative to claims of unfair treatment or discrimination.

Pro Tip:

Create a standard violation process (notice → warning → fine → action) and apply it consistently to every member.

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9. Contracts & Vendors rerr

What this covers:

This section reviews all agreements with vendors, contractors, and property management to ensure they are current, properly executed, and legally sound.

Why it matters:

Poorly written or outdated contracts can expose the cooperative to financial loss, liability, service failures, and disputes with vendors.

✓	Checklist Item	Risk	Action
☐	Are all vendor contracts current and signed?	□ Low □ Med □ High	
☐	Is the property management agreement reviewed regularly?	□ Low □ Med □ High	
☐	Do vendor contracts clearly define scope of work and responsibilities?	□ Low □ Med □ High	
☐	Do contracts include proper liability and indemnification clauses?	□ Low □ Med □ High	
☐	Are vendors required to provide proof of insurance?	□ Low □ Med □ High	
☐	Are certificates of insurance kept on file and up to date?	□ Low □ Med □ High	
☐	Are contractor agreements reviewed for legal compliance?	□ Low □ Med □ High	
☐	Are renewal dates tracked and reviewed before expiration?	□ Low □ Med □ High	

⚠ **Common Risk:**

Many cooperatives rely on outdated or informal agreements, which can lead to disputes, unclear responsibilities, and unexpected liability.

Pro Tip:

Create a centralized contract log that tracks vendors, renewal dates, insurance certificates, and key terms.

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10. Financing & Securitiesrr

What this covers:

This section reviews the cooperative's loans, financing arrangements, disclosures, and compliance with applicable financial and securities regulations.

Why it matters:

Errors or lack of oversight in financing can lead to loan defaults, legal violations, and financial instability that affects the entire cooperative.

☑	Checklist Item	Risk	Action
☐	Are loan and mortgage terms clearly understood by the board?	□ Low □ Med □ High	
☐	Are loan agreements reviewed periodically?	□ Low □ Med □ High	
☐	Are payment obligations being met on time?	□ Low □ Med □ High	
☐	Are refinancing terms reviewed and evaluated carefully?	□ Low □ Med □ High	
☐	Are disclosure documents accurate and up to date?	□ Low □ Med □ High	
☐	Is the cooperative in compliance with applicable securities laws (if applicable)?	□ Low □ Med □ High	
☐	Are reserve funding practices adequate to support financial obligations?	□ Low □ Med □ High	
☐	Are financial risks related to debt regularly reviewed by the board?	□ Low □ Med □ High	

⚠ **Common Risk:**

Boards often approve financing without fully understanding long-term obligations, which can lead to financial strain or default.

Pro Tip:

Before entering into any loan or refinancing, have the terms reviewed by legal and financial professionals to ensure a full understanding of risks and obligations.

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11. Legal Risk & Policies Review

What this covers:

This section reviews the cooperative's overall legal exposure, including ongoing issues, internal policies, and whether key protections are in place and followed.

Why it matters:

Many legal problems don't come from missing policies—they come from policies that exist but aren't followed. This section helps identify hidden risks before they become serious issues.

☑	Checklist Item	Risk	Action
☐	Are any current or past legal disputes reviewed by the board?	□ Low □ Med □ High	
☐	Are recurring disputes or complaints identified and addressed?	□ Low □ Med □ High	
☐	Is legal counsel consulted when needed?	□ Low □ Med □ High	
☐	Does the cooperative have a conflict-of-interest policy?	□ Low □ Med □ High	
☐	Are conflicts disclosed and properly managed?	□ Low □ Med □ High	
☐	Is there a confidentiality policy in place?	□ Low □ Med □ High	
☐	Is there a document retention and destruction policy?	□ Low □ Med □ High	
☐	Are policies regularly reviewed and updated?	□ Low □ Med □ High	

⚠ **Common Risk:**

Having policies in place but failing to follow them consistently can create greater legal exposure than not having them at all.

Pro Tip:

Review key policies annually and confirm that board members understand and follow them in practice—not just on paper.

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12. Governing Documents Review

What this covers:

This section reviews the cooperative's governing documents—including bylaws, proprietary lease, and house rules—to ensure they are current, consistent, and legally enforceable.

Why it matters:

Outdated or conflicting documents can make enforcement difficult or impossible, create confusion, and expose the cooperative to legal challenges.

☑	Checklist Item	Risk	Action
☐	Are the bylaws current and reflective of how the cooperative operates?	□ Low □ Med □ High	
☐	Is the proprietary lease up to date and legally enforceable?	□ Low □ Med □ High	
☐	Are house rules consistent with current laws and regulations?	□ Low □ Med □ High	
☐	Are there any conflicts between governing documents?	□ Low □ Med □ High	
☐	Are enforcement provisions clearly defined and usable?	□ Low □ Med □ High	
☐	Do governing documents comply with current state corporate statutes?	□ Low □ Med □ High	
☐	Do documents align with applicable landlord-tenant laws?	□ Low □ Med □ High	
☐	Have documents been reviewed or updated within the last 5–10 years?	□ Low □ Med □ High	

⚠ **Common Risk:**

Conflicts between documents or outdated language can make rules unenforceable and weaken the board's authority.

Pro Tip:

Have governing documents reviewed periodically by legal counsel—especially after changes in law or major operational changes.

13. Board Governance (Advanced Review)

What this covers:

This section takes a deeper look at how the board functions, including decision-making authority, structure, accountability, and alignment with governing documents.

Why it matters:

Even when basic governance is in place, weak board structure or unclear authority can lead to poor decisions, overreach, internal conflict, and legal exposure.

✓	Checklist Item	Risk	Action
☐	Are board decisions properly documented and supported?	□ Low □ Med □ High	
☐	Are fiduciary duties (care, loyalty, good faith) consistently followed?	□ Low □ Med □ High	
☐	Are roles and responsibilities of board members clearly defined?	□ Low □ Med □ High	
☐	Are election procedures clearly defined and followed?	□ Low □ Med □ High	
☐	Does the board operate within its authority as defined in the bylaws?	□ Low □ Med □ High	
☐	Is the cooperative operating as outlined in its governing documents?	□ Low □ Med □ High	
☐	Are financial structures (allocation methods, pools, etc.) authorized and documented?	□ Low □ Med □ High	
☐	Are loss provisions and financial responsibilities clearly defined?	□ Low □ Med □ High	

⚠ **Common Risk:**

Boards sometimes act outside their authority or fail to follow governing documents, which can invalidate decisions and create legal challenges.

Pro Tip:

Regularly review board authority and responsibilities against the bylaws to ensure decisions stay within proper limits.

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14. Membership & Occupancy

What this covers:

This section reviews how members are approved, how occupancy is managed, and how violations, terminations, and disputes are handled within the cooperative.

Why it matters:

Weak or unclear membership and occupancy procedures can lead to disputes, inconsistent decisions, legal challenges, and difficulty enforcing rules.

☑	Checklist Item	Risk	Action
☐	Are membership eligibility requirements clearly defined?	□ Low □ Med □ High	
☐	Is there a formal application and approval process?	□ Low □ Med □ High	
☐	Are tenant selection agreements current and followed?	□ Low □ Med □ High	
☐	Are occupancy agreements signed and on file?	□ Low □ Med □ High	
☐	Is there a clear non-payment policy (e.g., 10-day notice)?	□ Low □ Med □ High	
☐	Are procedures for termination of membership clearly defined?	□ Low □ Med □ High	
☐	Are dispute resolution procedures in place (mediation/arbitration)?	□ Low □ Med □ High	
☐	Are violations handled consistently and documented properly?	□ Low □ Med □ High	
☐	Are approval and rejection decisions legally defensible?	□ Low □ Med □ High	

⚠ **Common Risk:**

Missing or late filings can cause the cooperative to fall out of good standing, which may impact loans, contracts, and legal protections.

Pro Tip:

Assign one board member or manager to track all annual filing deadlines and maintain a compliance calendar.

15. Bylaws & Structural Integrity

What this covers:

This section reviews the structure, accuracy, and completeness of the cooperatives' bylaws and organizational framework to ensure they reflect current operations and legal requirements.

Why it matters:

Bylaws are the legal backbone of the cooperative. If they are outdated, unclear, or inconsistent, the entire governance structure can be weakened and difficult to enforce.

☑	Checklist Item	Risk	Action
☐	Do the bylaws accurately describe the current structure and operations?	□ Low □ Med □ High	
☐	Are purpose clauses consistent with the articles of incorporation?	□ Low □ Med □ High	
☐	Does the cooperative meet the minimum number of directors required by law?	□ Low □ Med □ High	
☐	Are officer roles, terms, and responsibilities clearly defined?	□ Low □ Med □ High	
☐	Is there a current list of officers and directors with terms of office?	□ Low □ Med □ High	
☐	Are meeting notice requirements clearly defined and followed?	□ Low □ Med □ High	
☐	Are voting rights and membership clearly defined and tracked?	□ Low □ Med □ High	
☐	Are member meetings properly noticed and documented?	□ Low □ Med □ High	
☐	Are bylaws consistent with current state law?	□ Low □ Med □ High	
☐	Are there any outdated or unusual provisions (e.g., obsolete rules)?	□ Low □ Med □ High	

⚠ **Common Risk:**

This section reviews the structure, accuracy, and completeness of the cooperatives' bylaws and organizational framework to ensure they reflect current operations and legal requirements.

Pro Tip:

Bylaws are the legal backbone of the cooperative. If they are outdated, unclear, or inconsistent, the entire governance structure can be weakened and difficult to enforce.

Moving Forward *with* Confidence

A cooperative is more than a legal structure—it is a community built on trust, shared responsibility, and a commitment to doing things the right way.

This guide was created to help you take a step back, look at the bigger picture, and make sure your cooperative is operating in a way that is *strong, consistent, and protected*.

You don't need to have everything perfect.
But you do need to be aware, intentional, and, and willing to take action where needed.

What Matters Most

- ✓ Clear governance
- ✓ Consistent enforcement
- ✓ Strong financial practices
- ✓ Up-to-date documents
- ✓ Open communication

These are the foundations of a healthy cooperative.

A Final Thought

Most problems in cooperatives don't happen overnight.
They build slowly—through missed details, outaddated practices, or lack of clarity.

The good news is this:
The same is true for success.

Strong cooperatives are built step by step, through good decisions, good structure, and good leadership.

Berendson Academy

Empowering cooperative communities through education, structure, and strong governance.