New Cooperative Board Members

Presented by
Blaine Honeycutt
Richard Berendson
National Association of Housing Cooperatives
Annual Conference

Overview of New Board Members

- History of Housing Cooperatives
- Organizational Structure of Co-ops
- Financial, Legal and Ethical Responsibilities
- Member Participation in Co-ops

What is a Co-op

- Non profit business owned by the members
- No landlord taking the profit.
- Residents control living environment.
- Carrying charges based on actual cost.
- Co-op's have better services at a lower cost.
- Remain in home for as long as you wish.
- Better maintained
History of US Housing Co-ops

- Late 1800’s
  - New York
- 1926 –
  - 1st large new construction
- 1950
  - FHA Section 202 & BMIR
- 1961
  - FHA Section 221(d)(3)
- 1968
  - FHA Section 236
- 1974
  - FHA Section 8
- 1990
  - Hope / Home

Principles of Co-ops

- Purposes
  - Group to pool their resources to provide themselves with good housing through non-profit co-ops at a cost they could afford.
- Values
  - Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, and solidarity.
  - Cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.
- Principles
  - Open Membership, Democratic Control, Members contribute equitably, Cooperation, Concern for the Community

Types of Housing Cooperative

- Market Rate
- Limited Equity
- Leasing
- Senior Housing
- Manufactured Housing
- Special Needs
- Student Housing
- Artist
- Mutual Housing Association
Running A Housing Cooperative Is A Serious Business. It Is Not An Opportunity To Play Games, To Reward Friends To Punish Enemies, To Push Petty Personal Projects, Or To Accumulate Power. It Is A Serious Business — Like Any Other Business Its Size And The Board Of Directors Is Morally And Legally Responsible For Running It As, A Serious Business, To The Best Of Its Abilities

Characteristics of Housing Co-ops

- Corporate Ownership
- Non-Profit Operations
- Combined Social and Business Purposes
- Formal Community Structure
- Democratic Participation
- Voluntary Membership
Many Partners Make up a Co-op

- Members
- Future Members
- The Management CO.
- The Regulatory Agency
- Office Staff
- Maintenance Staff
- Co-op Associations
- Committees
- Local community
- The Mortgagee
- Co-op Attorney
Cooperative Players

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Health, Safety, Financial oversight, Operations</td>
</tr>
<tr>
<td>Management Agent, Consultant</td>
<td>Leadership, Board, Advisory Board, General information</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Executive Assistant, Program Manager</td>
</tr>
<tr>
<td>Officers</td>
<td>President, Vice President</td>
</tr>
<tr>
<td>Members</td>
<td>Co-op Activities</td>
</tr>
<tr>
<td>General Support</td>
<td>Office Support Services, General Support Services</td>
</tr>
<tr>
<td>Regulatory Agency</td>
<td>Regulatory, Compliance, Underwriting</td>
</tr>
</tbody>
</table>

The Board And The Membership
- Members expected to share in making the co-op a success.
- Serve on committees
- Advise the board
- Elect board members
- Board need to have good communication to the membership.

Board and Management
- Reports to the Board
- Works with Regulatory Agency
- Responsible for the day to day operation.
- Collecting housing charges
- Respond to members requests
- Supervise co-op employees
- Enforce policies and rules
The Regulatory Agency
- Mortgages insured by the federal government or by state or local regulatory agencies.
- Bound to comply with HUD requirements
  - Funding various reserves
  - Limiting family size and income
  - Approves budget
  - Approves management company
  - Approves management plan.

Written Records
- Co-op is a business.
- Good written records of board actions and decisions are required.
- Financial records.
- Reports to the membership and the board.

Co-op Finances
- Annual Budget
- Reserves
- HUD reports
- Monthly Financial Statements
- Long-Range Capital Expenditure Planning
- Audit
- Overall Corporation Finances
The first, and primary, concern of the director must always be for the survival and well-being of the cooperative as a whole. This well-being takes precedence over the interests or needs of any member or group of members.

Legal Responsibility

- **Duty Of Obedience**
  - Laws
  - Regulations
- **Duty of Care**
  - Honestly
  - Responsible
  - Loyalty

THE INDIVIDUAL DIRECTOR HAS NO AUTHORITY OUTSIDE OF THE BOARD MEETING, EXCEPT THAT WHICH 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.
**Ethical Responsibilities**

- Be Positive
- Stress Co-op Vision
- Realistic Overview
- Answer Members Questions

---

**Rap-Up!!**

- Take active and constructive part in the board meetings
- Attend and be active in board meetings
- Get the facts and require good reporting
- Leave politics out of the decision making
- Know your authority
- Your duty is to the current membership