



COOPERATIVE HOUSING BULLETIN

A member service of the National Association of Housing Cooperatives

Summer 2012



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NAHC

NAHC advocates co-op model for underwater homes

AS THE FEDERAL Housing Finance Agency explores how to dispose of millions of housing units in the portfolios of Fannie Mae and Freddie Mac, the NAHC Board has proposed that FHFA allow multisite co-ops to be formed from single family homes and townhouses now owned by Fannie Mae and Freddie Mac.

The Federal Housing Finance Agency has conceived an REO to Rental pilot program to sell groups of foreclosed single family homes to investors who agree to maintain them as rental units with affordability restrictions, a no-flipping clause and certain resident services. NAHC recommends that in future testing rounds FHFA include cooperatives in the bidding pool, as co-ops would have a natural capacity for management, social service delivery, fiscal soundness and neighborhood stabilization.

This process would be fortified by giving priority dollars to developers who group single family homes in manageable geographic areas with a minimum of 50 homes, preferable a minimum of 100, into a single cooperative not-for-profit corporation to be owned and governed by the occupants of those homes who will own membership/shares in the title owning cooperative and will have proprietary leases with the cooperative which they own. **CHB**

NAHC thanks attorney Herbert H. Fisher for developing this idea into a policy proposal for an urgent problem.



Will such an idea work?

See page 3 for a case study of a 30 year old co-op composed of spread out single family and multi-family buildings.

The monthly occupancy charges need only be sufficient to pay the financing required to obtain or estimated to obtain the home to be owned, maintenance expense other than minor occupant responsibilities under cooperative supervision, and occupant maintained landscaping with cooperative oversight and assistance, without any return on investment or profit return to the developer, private or public. The program could include returning the government's investment in acquisition over a period of time if financing upon acquisition is not available. FHA insured financing under NHA sections 213 can be considered.

Such a program would permit banks to unload REO properties in bulk at less expense than individual sales; and with the cooperation of foreclosed homeowners still in occupancy, protect their occupancy of their homes with an ongoing interest instead of loss or being occupied by renters.

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THE NATIONAL ASSOCIATION OF HOUSING COOPERATIVES

About NAHC

The National Association of Housing Cooperatives is a nonprofit national federation of housing cooperatives, other resident-owned or -controlled housing, professionals, organizations, and individuals interested in promoting cooperative housing communities. Incorporated in 1960, NAHC supports the nation's more than a million families living in cooperative housing by representing co-ops in Washington, DC, and providing education, service, and information to co-ops.

Mission Statement

Support and educate existing and new cooperative housing communities as the best and most economical form of homeownership.

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CAHC	California Association of Housing Cooperatives
CHANE	Cooperative Housing Association of New England
CNYC	Council of New York Cooperatives & Condominiums
CSI	CSI Support and Development Services
DVAHC	Delaware Valley Association of Housing Cooperatives
FNYHC	Federation of New York Housing Cooperatives
MAHC	Midwest Association of Housing Cooperatives
NJFHC	New Jersey Federation of Housing Cooperatives
PAHC	Potomac Association of Housing Cooperatives

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Bostrom Corp. is the professional services firm managing the National Association of Housing Cooperatives affairs. Mitch Dvorak serves as NAHC Executive Director.

Victorian Homes, Scattered By Circumstance, Link Together As an Urban Cooperative

By David Thompson

Acorns fall in the most unusual of places as this story will reveal. In the 1960's, miles and miles of new freeways were built in California as connector freeways built crudely through existing urban neighborhoods so that suburban commuters had an easier time getting home.



Two of the 42 homes that were saved and relocated to be part of a co-op.

In West Oakland, one of the largest and strongest black communities on the West Coast, there was a great deal of opposition to the freeway that would eventually rip through the urban and mainly black neighborhoods. To build State Highway 24, whole West Oakland neighborhoods had to be demolished. In those neighborhoods were many elegant and well-made turn of the century Victorian homes. The neighborhood groups, Cal Trans (the state highway agency) and the City of Oakland agreed that the best of the targeted homes should be saved and later moved back in to West Oakland neighborhoods and refurbished. They were moved in 1970 to a “parking lot” where they remained until 1979 when the idea of tying these homes into a multi-site limited equity cooperative was raised and Oak Center Homes as an organization was created. The co-op was approved as part of the settlement with the West Oakland residents, Cal Trans and the City of Oakland. Many agencies pooled resources to make this difficult and lengthy transaction occur. You



can imagine the planning that went into demolishing hundreds of buildings and moving 42 of them offsite and then back to new sites.

Oak Center Homes was then funded to purchase vacant residential sites to the north of the new freeway. One by one, the turn of the century homes were moved to the empty residential sites and rehabilitated. Because they were almost all very large homes and some were small apartment buildings, they were turned into duplexes, triplexes all the way up to six-plexes.

Oak Center Homes and the City of Oakland set up a construction apprentice program with nearby Laney College. The predominantly black two year school helped train mainly young men to re-build and

Continued on page 4 >



David J. Thompson was born near Rochdale, England. He is President of Twin Pines Cooperative Foundation and Co-partner with Neighborhood Partners, LLC, a firm that specializes in developing cooperatives, mutual housing and similar affordable housing. He is the author of *Weavers of Dreams: Founders of the Modern Cooperative Movement*, published to commemorate the 150th anniversary of the Rochdale Pioneers and the origins of the cooperative movement.

refurbish the Victorian homes. This was a great skill to provide as hundreds of families each year were now beginning to buy old Victorians as fixer uppers and they needed construction workers with that special set of skills. Many of these young men went onto to start small construction firms of their own.

As each one of the homes was completed they were made available first to former residents of the area. As a result, many of them are occupied by former residents of West Oakland who had been displaced by the freeway. As they were occupied, the resident families became members of the co-op. A group of interested parties acted as trustees of the co-op organization until all the units were occupied, gradually turning the co-op over to resident control. The residents now elect all seven members of the co-op's board.

Because of their different sizes, the buildings were divided into 89 separate homes and apartments. By infilling 42 different sites, Oak Center Homes helped to rebuild what once was a much neglected neighborhood. By restoring the neighborhood and ridding it of empty sites the crime rate was brought

down. By bringing almost 300 people back, Oak Center Homes strengthened the home ownership characteristics of this low income neighborhood.

It is interesting today to drive through the West Oakland neighborhood where the 42 buildings were relocated. It is a quiet neighborhood, filled with classic Victorian homes, mature trees and well kept yards. By looking you cannot tell the difference between a co-op home and a non co-op home. There are no more empty lots in the neighborhood and it looks like a middle class neighborhood of mainly single family homes. However, thanks to the scatter site cooperative, 89 moderate income families, call Oak Center Homes their home.

Just by looking, no one would know how Oak Center Homes came about, and no one would know how much effort went into making this one of the most unusual multi-site housing co-ops in America. In the end, the beauty of Oak Center Homes comes from a wish to take the acorn of an idea born out of struggle and build it into a strong oak tree that today proudly serves as the heart of a neighborhood in West Oakland. **CHB**

2012 End of the World: Is your co-op legally prepared?

Editor's note: Many people have said the ancient Mayan calendar predicts the end of the world because its last day corresponds to December 12, 2012 (12/12/12). In the interest of survival of the co-op, attorney Steven Marcus has drafted this model bylaw amendment. As of press time, HUD has neither approved nor disapproved this amendment. As always, consult with your counsel for legal advice.

ABC Co-op Bylaws Section X. End of the World.

Upon the occurrence of the end of the world, any obligation, promise or restriction under the Bylaws, Occupancy Agreement and/or Rules will become immediately enforceable against any surviving Members and/or any of their successor available terrestrial, extra-terrestrial or spiritual progeny, beings or unbeings. For remedial purposes and for purposes of determining the relative equities of the parties, the Board, by virtue of its

attorneys, will be deemed to be aligned with forces of light, and the Members and/or their succeeding extra terrestrial beings and their attorneys will be deemed to be aligned with the forces of darkness, regardless of actual ultimate terrestrial, extra-terrestrial or spiritual destinations of the Members.



The NAHC Attorneys Round Table/Exchange Coordinator points out that cooperative boards need to evaluate the adoptability of the recommended Bylaw change in light of the fact that most cooperatives' bylaws require membership approval of amendments. It is obviously unlikely that informed members will vote to deem

themselves aligned with the forces of darkness, unless they are in an area of Vader fans. For boards which may have bylaw amendment authority, it is advised that the amendment be adopted after the next elections and just before the end of the world to preclude membership reaction.

COOPSERVATIONS

Ex-offenders and Housing Cooperatives: Time to change selection criteria for new members?

By Herbert H. Fisher

*Editor's note:
Coopservations is a
column for opinion
pieces, including
those that might be
controversial. Your
responses are invited.*

Over the past 30 to 40 years, there has developed a reflex negative reaction to seeing a disclosure of a criminal conviction or a drug related offense on an application for cooperative housing shares or membership. This reaction is partially stimulated by HUD permitting past convictions, whether for drugs or otherwise, to be a basis for denial of applications, and partially stimulated by life's experiences telling us that once bad, always bad.

However, how realistic is that in today's world? Is there no longer merit in the once-held concept that a person has "paid their debt to society" when jail or prison time or probation periods have ended? Or that a person deserves a second chance?

Obviously, it is too drastic and unrealistic a step to remove criminal background, sexual offender or otherwise, from criteria for disapproval for membership in a housing cooperative, but we certainly can consider exceptions to the general rule. Even HUD recognizes the possibility of rehabilitation and permits the cooperative to consider the former drug addict who has gone through a rehab program.

What risk is there to permitting a man who is a registered sex offender when his crime occurred when he was 18 years and the incident was consensual sex with his 16 year old girl friend, who later married him, after his conviction for statutory rape? Or to permit into occupancy the nonviolent check forger who served the requisite time and is currently holding down a job?

Or even the man convicted of assault and battery when he was 20 and now is 30 with a wife and two children and no further record of violence either in public or in the home?

And how can we ignore the current history of cases in which convicted persons are set free because DNA evidence now proves they were wrongfully convicted or ignore the known fact that many plead guilty to avoid the risk of a conviction at trial that could lead to a much longer sentence.

So far we have argued for practical and humanitarian reason for not automatically excluding persons with criminal records from cooperative membership/share holding and occupancy in

cooperative housing. Now I will provide legal reasons based on EEOC guidelines for not automatically excluding ex-offenders from membership.

The logic that the Equal Employment Opportunity Commission (EEOC) used to reach the conclusion that automatic exclusion of persons with criminal records might violate anti-discrimination statutes applicable to employment could easily extend to housing opportunities. On the face of it one would conclude that as long as such exclusion is applied to everyone with a criminal record it could not be discriminatory. But then the concept of disparate treatment comes into play.

Disparate treatment arises when decisions, which are not discriminatory initially, end up having a different impact on different groups, thereby producing a disparate result; e.g., the same treatment given an Asian person would impact a Latino person in a different way.

In publishing its Enforcement Guidance No. 9156.002, EEOC pointed out that whereas 6.6% of all United States born persons will serve prison time during their lifetime, 1 in 6 Latinos (17%) will serve time, and among men, 1 in 3 Black men (33%) will serve prison time during their lifetimes as contrasted to 1 in 17 (6%) white men.

Consequently, EEOC said, denial of employment to a Latino or Black man would have different effect on the individual in that group than denial of employment to a white man.

To avoid this result, the Guidance publication cautions against blank rejection policy and encourages policies that require a more fact-specific criteria related to the requirements of the job to be filled, including the severity of the crime, the length of time since the occurrence and how the criminal



Herbert H. Fisher is an attorney in Chicago, Illinois, frequent contributor to the CHB, former NAHC President and Chairman of its Board of Directors.

The author wishes to acknowledge the work of Charles C. Jackson, Esq., and Gregory P. Abrams, Esq., published in the *Chicago Law Bulletin* entitled "EEOC issues new guidance consideration of criminal records" as the source of information concerning the EEOC Enforcement Guidance No. 9156.002.

conduct relates to the nature of the job.

Therefore, a drunk driving conviction would be relevant to a driving job and not to a maintenance job. A fraud conviction would be important in considering a person for a job giving access to other people's information.

The disparate impact concept has been used in housing discrimination cases. Cases in one discrimination area are often considered in developing logical conclusions in other fields. It is therefore a necessary conclusion that housing cooperatives

pay attention to EEOC Enforcement Guidance No 9156.002 in developing admission criteria involving criminal background checks.

In light of increasing vacancy problems facing cooperatives, a significant percentage of the young population having run afoul of the law, other increases in criminal offenses among all ages, and fewer people with enough funds to purchase memberships, it is time for housing cooperative boards to consider exceptions to age-old membership criteria based on criminal activity. **CHB**

Reno offers many opportunities to conference attendees

The National Association of Housing Cooperatives will hold its 52nd annual conference in Reno, Nevada at the Atlantis Casino Resort Spa October 10-13, 2012. The Atlantis Casino Resort Spa is nestled at the bottom of the Sierra Nevada Mountain Range and is ideally located on the strip in the heart of the South Reno's restaurant, shopping and entertainment district.



Hotel reservations

If you have made a reservation at the Atlantis Casino Resort Spa and have not registered for the Conference, please forward your conference registration to the NAHC office at your earliest convenience. The hotel is filling quickly, so make your reservation early, as last year's hotel sold out. The cutoff date for reservations at the Atlantis Casino Resort Spa is September 18, 2012 or until the hotel fills up, whichever comes first.

Education, education, education

Every year we offer many new exciting courses. Some of the "old and new" courses include Evaluating Man-

agement: What Does Good Management Look Like?, How to Solve Board and Member Conflicts, Real World Team Building, Guerilla Marketing, Who Are We and Where Are We Going: Exploring the concept of "mission" in your housing cooperative, Bed Bugs-How to Find Them and Get Rid of Them, Going Paperless: Technology and Your Cooperative, Cooperative Connections, Section 8 Requirements, and Hot Legal Topics in Cooperative Housing.

Four sessions, restricted to current Registered Cooperative Managers, will provide a forum for managers to talk about topics ranging from trends to ticklish situations.

For other professionals, the conference will feature a Developer's Forum and an Attorneys Roundtable.

Meet and greet

Not only will there be lots of time to mingle and meet other cooperators, you can visit face to face with companies who want your business for refinancing the mortgage or other key decisions facing your co-op.

Welcome

There is a first time attendee orientation from 5:00 p.m. to 6:00 p.m. on Wednesday, October 10, 2012. If you are a first time attendee, you will want to attend to learn

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how to get the most out of the conference and meet new people.

Conference registration will be open October 10-12 between 8:30 a.m. and 5:30 p.m. Pick up your badge early as you will need it for the opening reception—a “get acquainted casino party” between 6:00 p.m. and 7:30 p.m. on Wednesday, October 10.



RCM courses

The Resident Cooperative Manager (RCM) education program will be held October 8-9. The course is offered in three segments: the history of cooperatives, the business of cooperatives, and the ethics of cooperative management. A test will be given after each section, and 70% is a passing score. Don't miss this opportunity to get your professional credentials as a co-op manager.

Curious about the RCM program? NAHC will hold a special overview of the RCM course and the RCM program. Learn what is required, who should enroll, and the benefits of earning your RCM.

The RCM re-certification course will be held the afternoon of October 9. All RCMs must take the recertification course once in every three years.

Traditions

Bring your co-op hats, shirts or jackets for the “Strut Your Stuff: Co-op Pride Luncheon” on Thursday, October 11. Attendees from each co-op will be invited on stage to show off their co-op pride.

The Awards Luncheon is Friday October 12, between 12:15 p.m. to 1:45 p.m. NAHC will recognize outstanding contributions to housing co-ops. If you pass the RCM Course, you will receive your pin and certificate at the awards luncheon.

Democracy in action

At 5:15 p.m. on October 12, there will be a candidate's forum so that you can meet your Board candidates, between 5:15 p.m. and 6:00 p.m. on Friday, October 12. Member Associations will caucus between 6:00 p.m. and 6:30 p.m. The forum and caucuses will allow you an opportunity to decide who will be your next elected representatives on the NAHC Board of Directors. Voting will take place at the annual meeting the morning of October 13. Resolutions will also be considered at the annual meeting.

Come early, stay late for more fun

There are six premium tours being offered. Each requires a separate registration and is not included in the basic conference fee.

Three tours will take place on Wednesday, October 10:

- Lake Tahoe Sightseeing Luncheon Cruise includes a drive up the Zephyr Cove where you will enjoy a two hour sightseeing cruise of Lake Tahoe. The tour includes a buffet lunch aboard the boat.
- The Virginia City Tour with lunch in Carson City includes a bus tour through Washoe Valley to the state capital, Carson City, where you will have lunch and take a walking tour. The tour will continue with a trip into the restored old western town, Virginia City, where you will have time to shop and tour the sights.
- Reno City Tour and National Automobile Museum Tour will include information on how Reno was built, a look at the Truckee River, a walk around the streets of downtown Reno and a visit the National Automobile Museum Tour all in one afternoon.

Three more tours will take place after the sessions and annual meeting are over on Saturday October 13. They are:

- Discover South Lake Tahoe Tour will take you on a beautiful drive around Lake Tahoe and the breathtaking views of the Lake and the Sierra Nevada Mountains. You will also have time to wine, dine and gamble in Lake Tahoe.
- Virginia City Tour will include the ride to Virginia City, where you can walk, shop, dine and enjoy the City. Unlike the Wednesday tour to Virginia City, this tour does not include lunch.
- Outlets at Legends Shopping Tour. The Legends is a premier shopping, dining and entertainment destinations with almost fifty brand name retail stores, outdoor plazas, and walkways.

Explore on your own

There are many exciting things to do while you are in Reno:

- Casinos, Casinos, and more Casinos.
- Outdoor activities such as mountain biking, hiking, backpacking, horseback riding, rock climbing, kayaking, and jeep or hummer tours.
- Truckee River Whitewater Park features 11 pools for kayak play and a kayak racing course.
- Water Activities – The Truckee and Cason Rivers provide adventure opportunities to offer kayaking, canoeing, whitewater rafting, water skiing and sailing.
- Shopping, Shopping, and more shopping.
- Reno's Art District which includes galleries, shops, restaurants and coffee houses, as well as the Nevada Museum of Art, National Automobile Museum.
- Downtown Reno has a lot to offer as it highlights the River Walk District.
- Lake Tahoe is only forty five minutes away.
- The Atlantis sponsors many daily hotel activities for the family.

Our conference is going to be exciting, and NAHC looks forward to seeing you there. **CHB**

Internal Revenue Code Section 216 – The New 80-20 Rule

By Mark B. Shernicoff, CPA – Retired

In 2007, after many years of advocacy, NAHC, together with strong support from its Member Associations, persuaded Congress to add two additional alternatives to the 80/20 Rule that would make it easier for co-ops to qualify for these benefits.

A legislative victory by NAHC on behalf of hundreds of thousands of homeowners in co-ops eliminates unfair “gotcha” personal income tax consequences of situations where neither the member, nor the co-op is necessarily in control. Since 1941, when the Internal Revenue Code (the “Code”) defined the terms “Tenant Stockholders” (also known as tenant shareholders, cooperators or, as referred to in this article, members), and “Cooperative Housing Corporations” (as referred to in this article as housing co-ops or simply co-ops), those members have had the right to take an itemized deduction on their personal federal income tax return for their proportionate share of the mortgage interest and real estate tax expenses incurred by the co-op. In addition, qualifying under Section 216 of the Code gave the members substantially the same other tax benefits as provided to other homeowners by the Code, such as the exclusion from taxable income of the first \$500,000 (\$250,000 if single or filing separately) of capital gain on the sale of shares and lease for a principal residence. Those benefits are subject to certain restrictions to prevent abuse, including a test as to what proportion of a co-op’s income comes from members. Since its original enactment, that percentage of income from members has been 80 percent and came to be known as the “80/20 Rule.” In addition to the 80/20 Rule, a housing co-op must satisfy several other tests (the Other Tests), which are not discussed here, to qualify as a Cooperative Housing Corporation under the Code.



Mark Shernicoff is a retired CPA and was a partner in Zucker & Shernicoff, CPAs in New York City. He has been involved in residential and other cooperative enterprises since 1968. He is the Secretary and past President and Treasurer of NAHC and the Treasurer of the Council of New York Cooperatives and Condominiums. He served as President, Treasurer and Secretary of the cooperative in which he resided for more than 28 years. He taught at New York University and at the New School.

Over the years, satisfying the 80/20 Rule became more difficult, especially for urban co-ops that had valuable rentable commercial space. As that space became more and more valuable, many co-ops found that they had to charge below market rents in order to meet the 80/20 Rule and preserve the members’ ability to take those itemized tax deductions and retain other tax benefits granted to homeowners.

In 2007, after many years of advocacy, NAHC, together with strong support from its Member Associations, persuaded Congress to add two additional alternatives to the 80/20 Rule that would make it easier for co-ops to qualify for these benefits. The first alternative stipulates that, at all times during the taxable year, 80 percent or more of the gross square footage of the property must be used, or available for use, by the members for residential purposes. The second alternative stipulates that 90 percent or more of the corporation’s expenditures paid or incurred during the taxable year must be paid for the care of the property for the benefit of the members. As is the 80/20 Rule, these

determinations are for each tax year, so that a co-op may qualify for one year and not the next, and vice versa. Furthermore, in addition to the Other Tests, only one of these three alternatives needs to be met in order for the co-op to qualify under the Code. In most instances, one of the new alternatives is easier to meet than the original 80/20 Rule.

The advent of these two alternatives allows for greater flexibility for co-ops in planning and structuring income from non-member sources. In most cases, it allows for income from non-member sources, primarily commercial store income, to increase, sometimes substantially. This has the effect of reducing the members’ burden relative to building expenses.

In addition, a series of court decisions commencing in 1996 and concluding with the withdrawal from a case by the IRS in 1999, finally established that Cooperative Housing Corporations that qualified under Section 216 were “Operating on a Cooperative Basis” within the meaning of Subchapter T of the Code. (Operating on a Cooperative Basis is a statutory term that has been

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defined by the courts as applying to organizations that 1) subordinate capital to the needs of the cooperative, 2) are democratically controlled by the members and 3) allocate among members/patrons all profits in proportion to their participation (housing cooperatives operate at breakeven or use gains to reduce carrying charges for subsequent years.) Subchapter T requires co-ops to differentiate income and expenses from patronage and non-patronage sources. Patronage income and expenses are those derived from business done with or for patrons, or in the case of housing co-ops, members. Everything else is non-patronage. This was a significant improvement compared to the previous IRS position because income could be patronage even if it didn't come directly from patrons, e.g., interest income on reasonable reserves. This, coupled with the change in the income limitations for the now non-patronage sources, created the potential for substantial income tax to be incurred on the additional non-patronage income. Now we had a new task: maximizing income while minimizing the tax liability.

Over the years, co-ops have been ingenious in generating 'good' income from sources other than shareholders or "patrons." Many of the ways this has been done are not clearly patronage (although the definition of patronage income has not yet been clearly defined by the IRS), and require deducting expenses relative to those sources of income. Many of these expenses are already being incurred by the co-op and just need to be allocated to the non-patronage sourced income. Costs such as insurance, payroll, real estate taxes, management and professional fees, depreciation, and repair and maintenance items, etc., are all incurred to generate this income, and should be reallocated and deducted on the tax return to reduce any income tax liability. The income tax obligation can be for state and local taxes as well. Since this area of the tax law has not been extensively tested it is important to use reasonable allocation techniques that can be objectively supported for any tax deductions taken.

Further, while the 2007 Section 216 Code change was very beneficial for many co-ops, it raised many questions, including but not limited to:

- 1 > At what point does a co-op cease to be "Operating on a Cooperative Basis" as its commercial (non-patronage) income grows?
- 2 > How are boiler rooms and other spaces serving both the residential and commercial spaces allocated in the 80/20 space test?

3 > Is the square footage of the grounds counted the same as the space in a building?

4 > Exactly what is included in the "care of the property" for the 90/10 expenditure test? Does it include mortgage interest? Real estate tax? A holiday party for the tenants?

There are situations where changes in the Code clearly benefit co-ops, and with proper planning, the shareholders will benefit as well. However, other situations are not that clear-cut. Because the recent Code changes are fairly complicated, co-op boards should seek professional advice when dealing with these and other tax issues. **CHB**

RENO

OCTOBER 10-13, 2012
NAHC'S 52ND ANNUAL CONFERENCE

**National Association of Housing Cooperatives
52nd Annual Conference**

will be held at the
Atlantis Casino Resort Spa
from
October 10 - 13, 2012

Join your fellow housing cooperators and industry
professionals for the housing educational event of the year.

www.nahc.coop

RENO

A Management Agent's Path to Ethics: A Look at the Agency Relationship With Clients

By Ida Curtis Fisher

If anyone understands the term “walk in your shoes,” a management agent does. The relationship that a management agent has with a cooperative is one of “agency.” Such a relationship is created when a management agent agrees to represent the interests of a cooperative client. It’s as if the agent is actually speaking for the client – as if you are “walking in their shoes.” It’s the agent’s duty to act as if it were the client.

This kind of relationship requires a unique kind of ethical conduct. It requires that the agent

- ▶ be loyal
- ▶ be truthful
- ▶ keep confidences
- ▶ always make full disclosures
- ▶ put forth its best efforts
- ▶ apply due diligence
- ▶ give a certain amount of obedience
- ▶ provide protection
- ▶ always be fair
- ▶ never forget to promote the client’s best interest.

We are taught this in the real estate industry.

LOYALTY: This includes

not gossiping about board members, keeping the affairs of the cooperative private, and not discussing problems or issues with the public. If you wouldn’t want it said about your company, then it should not be publicly shared outside the cooperative.

TRUTHFULNESS: Sometimes it is difficult to be truthful, especially with your board of directors. Management, of course, chooses its battles. However, it is especially important to be truthful with the board when you believe it is making the wrong decision. Management should step up to the plate. In fact, management has an obligation to speak up and let its professional opinions known. This does not mean the board will accept the advice or “criticism.” Nevertheless, the agent is obligated under its relationship to express that advice. Then, it is the agent’s duty to do the best it can to carry out the decision of the board to the best of its ability – unless, of course, that decision is illegal or unethical.

CONFIDENTIALITY: Agents have come to know,

pretty much, that board members sometimes fail to keep confidences. However, this never excuses management. Management has a duty to keep confidences. This includes making this duty known to all staff members. Staff needs to understand that it is against company policy to gossip and/or share board confidences to the public or the residents.

DISCLOSURES: As it happens, there are many times when management will and should make a recommendation to a board of a vendor or contractor for work within the cooperative. We think nothing of it. It is an effort to alert the board to people known to the agent--probably someone with whom the agent has had a positive past experience. Management should continue to share these contacts. But often, there is an appearance of a conflict of interest where no conflict actual exists, such as making a recommendation of a contractor with whom an agent has had a positive experience. The agent should declare that there is no conflict of interest. On the other hand, there may be a situation where an agent wants to make a recommendation where there is a personal, family or business relationship. In these cases, the agent must make a full written disclosure of the conflict and any financial or other kind of gain accruing to the agent or not.

BEST EFFORTS AND DUE DILIGENCE: This should be the order of the day in all activities of an agency relationship. It is typical of the profession to give best efforts in all they do. But, I should point out that when you are representing someone else (walking in their shoes), it is especially important because you have been retained for your professional knowledge, training and experience, which your client may not have. So best efforts and due diligence are really important.

OBEDIENCE: This sounds like a strong word



Ida Curtis Fisher, CEO Preferred Property Services of Illinois, Chicago. Inspiring, organizing and managing housing co-ops since the 1960s.

Continued on page 11 >

to use as it relates to an agent's relationship with a cooperative. Actually, what it references is the obligation the agent has to follow the directions of its client and its board of directors. It is incumbent on the agent to assist the board in developing policies and rules and regulations. It is critical that the agent make sure that their contract is clear about the agent's and the board's duties and responsibilities, so that the agent can "obey" or comply with the contract. Management must follow board policy in its operations. If that policy or that decision is such that the agent believes it cannot obey (it's unlawful, discriminatory or otherwise dangerous and could cause legal difficulties) the agent should make it clear in writing and either resign or ask to be "held harmless" in writing from any resulting actions.



Code of Ethical Conduct

The Code of Ethical Conduct of the Registered Cooperative Manager Program promotes the highest standard of personal conduct in cooperative management. To this end, adherence to the Code of Ethical Conduct is a requirement for designation.

As a Registered Cooperative Manager, I promise to:

1. Be loyal to the cooperative I represent and pursue its goals and objectives.
2. Keep informed of the laws, policies, and procedures for the management of housing cooperatives.
3. Exercise diligence in my duties on behalf of the members and cooperatives which I serve.
4. Safeguard confidential information and equally protect the rights of every member of the cooperative.
5. Issue no false or misleading statements to or about the cooperative.
6. Take no rebate or commission without the prior knowledge and consent of my employer.
7. Disclose every conflict of personal interest in the exercise of my duties to my employer and the cooperative.
8. Not discriminate in the exercise of my duties against any person on the basis of race, color, creed, origin, sex, handicap, sexual orientation, family status or other government-protected status.
9. Obtain and maintain in force all licenses required by the state or local government with jurisdiction over my profession.
10. Promote the public understanding of housing cooperatives and the Registered Cooperative Manager Program.

RCM Board of Governors, 2000

PROTECTION: Protecting the client is not a difficult challenge. However, mistakes do happen. That is why the agent carries and provides insurance and bonds. Others who want to provide services to the cooperative may not. That is why it is so important that the agent should always urge the board in its decision-making to select vendors and contractors who carry the appropriate insurance and other support to protect the cooperative. Corporations in general hardly ever function without legal counsel. Neither should cooperative corporations. Vendors, contractors and management agents often offer their own contract forms. It is important for the cooperative to protect itself by having its own attorney review these proposed contracts for the protection of the corporation, and to have standard language or even a standard co-op contract form. Management should make that strong recommendation as part of its obligation to protect the client.

FAIRNESS: While the agent is probably more knowledgeable or experienced in management situations, it would be unethical if the agent used that knowledge unfairly. There should be no exaggerations, misrepresentations or concealments of pertinent information. The agent should make every effort to assure the client understands all situations, as much as possible, to allow the client to make a knowledgeable decision. I should add that being fair is a trait to be adopted by boards. Cooperatives are employers. As such, it is important for boards to adopt good job descriptions and policies for management to follow in their hiring and firing of staff. Consider how you would want to be treated as an employee and make certain your sense of fairness is known to your agent to use in their hiring and firing procedures.

PROMOTING THE CLIENT'S BEST INTEREST: It is good business. And it says the agent is proud of the client. A successful cooperative gives testimony to a solid functioning board and to the good relationship it has with its partner in governance – its management agent. A happy board appreciates having good management. That appreciation is shown with contract renewals. You want to do business with someone who is ethical.

Most professional groups have adopted rules regarding ethics: lawyers, doctors, government agencies and corporations. They are meant to govern conduct. Co-op managers in the Registered Cooperative Manager (RCM) program agree to abide by a Code of Ethics and must take an ethics course before receiving the RCM designation. Practicing ethical standards builds goodwill and can improve the reputation of the agent and the cooperative. **CHB**

Officers' Report

Sharing Experiences and Learning from Canadian Cooperatives

To reciprocate for attending NAHC's 51st Annual Conference in Puerto Rico last year, the Cooperative Housing Federation of Canada (CHFC) extended an invitation to NAHC to send representatives to its National Housing Conference in Niagara, Ontario. NAHC gladly took the CHFC up on its invitation, sending Ralph J. Marcus, Board Chair, and Linda J. Brockway, Treasurer and Chair of the Member Services Committee, to attend the CHFC's National Conference and Annual General Meeting.

Ms. Brockway participated in the first time orientation session and the opening reception. Ms. Brockway was also able to participate in the International Year of the Cooperative's (IYC) show case event. A total of seven cooperatives were represented in the showcase which included NAHC, a worker's cooperative, an agricultural cooperative, a credit union, a food cooperative, an energy cooperative, and a car share cooperative. The similarities of establishing, operating and maintaining a cooperative were very enlightening.

NAHC's participation as a booth exhibitor enabled us to speak to many representatives of housing cooperatives and other business entity cooperatives to share information about America's cooperative movement and to learn of Canadian cooperative programs.

Canada's cooperative enterprise sector is quite expansive and encompasses many members, and many types of cooperatively run businesses, including housing cooperatives. The number of Canadian housing cooperatives is roughly 2,200, many of which are established as zero equity, low income, and affordable housing communities.

Similar to political funding debates in the US, Canadian cooperatives are also subject to funding struggles. Initiated many years ago, subsidized Canadian cooperatives receive monthly operating cash through Operating Agreements whereby 30% - 40% of the families pay no more than 30% of their income for "rent." Most of these Operating Agreements are set to expire between the years of 2017 and 2020, and are not likely to be renewed by federal Canadian government. The elimination of these subsidies could potentially place much of the Canadian sustainable cooperative housing stock at risk. The CHFC has embarked on an ambitious task of meeting with Members of Parliament in order to begin addressing the critical issues necessary to avert the collapse of a significant portion of Canada's affordable housing stock.

In addition to the expiring Operating Agreements, many of the cooperatives' original mortgages are close to payoff. Cooperative board members across Canada have begun a serious educational and outreach campaign, to not only educate themselves on dealing with Operating Agreement expiration and mortgage retirement, but also to educate

their boards on best practices, good governance and getting management right.

CHFC also has developed a 20/20 Vision Plan (relative to the potential termination of Operating Agreements in 2020) to certify cooperatives as being operationally efficient and governance trained, both of which would assist cooperatives in obtaining lending approvals. Many of our Canadian counterparts were very interested in NAHC's 3Rs governance program, RCM program and mortgage payoff literature.

CHFC has successfully spearheaded a national effort to support the IYC and the International Cooperative Alliance (ICA). Representatives from both agencies were present, and the ICA has designated CHFC to document and provide the template for good governance, which is to be shared internationally with all cooperative enterprise sectors. Our congratulations to CHFC. Speaking of international cooperators, cooperative organizers and leaders from Kenya, Zimbabwe, Ireland and England were also in attendance at the conference in Canada and shared many of their cooperative experiences in getting cooperatives started in their countries.

During the business meeting, the Cooperative Housing Federation of Canada celebrated the bicentennial anniversary of the War of 1812. They were celebrating two hundred years of peace between Canada and the United States. The Executive Director then introduced us and thanked us for being involved in their annual conference. The National Association of Housing Cooperatives sincerely thanks the Cooperative Housing Federation of Canada for the invitation and the opportunity for us to learn about the cooperative way of living in Canada. **CHB**

Compiled by Doug Kleine

Co-op City ready to refinance with ties to preserving affordability

Co-op City, Bronx, NY, is poised to close in August on a refinancing package to preserve the 15,000 unit complex's affordability as middle-income housing for years to come. Built in the late 1960s and early 1970s, Co-op City is the largest co-op in the US and offers below-market housing through a state program known as Mitchell-Lama.

The Mitchell-Lama program allows co-ops to decide, after an initial period, whether to leave the income-restricted program and open their doors to anyone. Leaving the program allows co-op members to cash in through the sale of their shares to higher income residents who can pay full market prices. But leaving the program also has consequences for those who stay, one of the

more significant of which is sharply increased real estate taxes. Leaving the program, which takes a two third vote of members, became popular at other Mitchell-Lama co-ops during the recent real-estate boom years.

The *Wall Street Journal* reported that new financing is expected to lower interest payments by around \$4 million a year. Under the terms being discussed, the federal Department of Housing and Urban Development (HUD) would provide mortgage insurance to back \$530 million of the loan, while city and state agencies would back \$70 million that would be the first to be lost if the loan defaulted. The 35 year loan is part of a HUD program known as 223(f), aimed at refinancing multifamily properties—one that was extended to cooperatives in 2010 at NAHC's urging.

When Transportation Costs Considered, Some Chicago Area Affordable Housing Isn't Affordable

An analysis of the Chicago region's affordable housing developments by the Center for Neighborhood Technology (CNT) has found that some affordable housing is not very affordable after transportation costs are considered. Typical transportation costs, the second largest expense in a household budget, ranged from \$750 per month in many Chicago neighborhoods with affordable housing units to more than \$1,000 in more distant suburbs. The report also found that suburban Cook County, which has comparatively low transportation costs, has fewer affordable housing units compared with the city of Chicago and the region's outer ring counties.

CNT applied its Housing and Transportation Affordability Index to 248 multifamily properties financed by the Illinois Housing Development Authority (IHDA) from 2001 to 2008 in the region. IHDA oversees the state's affordable housing production and issues the Qualified Allocation Plan that sets the criteria for determining what housing proposals receive Low Income Housing Tax Credits. The developments analyzed in the CNT report served low-income families and seniors. Transportation costs as a percentage of income were compared against a household making \$41,344 per year, or 80 percent of regional Area Median Income. Key findings from the report include:

- ▶ Residents of IHDA-financed developments live in neighborhoods with slightly lower typical transportation costs than those of the typical regional household.
- ▶ 85 percent of IHDA-financed units studied are within a half mile of a train station or a quarter mile of a bus route; however, the level of transit service for IHDA developments was significantly lower in more recent developments when compared to the transit service level for developments at the start of the study period.
- ▶ The typical annual transportation cost for households in neighborhoods with bus and rail transit was \$3,000 lower than the cost in communities with no access to transit.

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- ▶ Suburban Cook County is not contributing a proportional share of affordable housing. The city of Chicago accounts for 45 percent of the affordable housing units studied, and the collar counties account for nearly 40 percent. Suburban Cook County, however, contributed just 15 percent of affordable units, even though it contains nearly a third of the population and jobs in the region.
- ▶ Few affordable housing developments have been funded in high employment areas, despite IHDA's commitment to connecting housing and jobs.

CNT recommends that IHDA make several changes to its Qualified Allocation Plan in order to improve access to jobs, lower transportation costs, and enhance livability for its affordable housing residents. The recommendations include reporting the ratio of low wage jobs to low wage workers around a proposed development and awarding more points to locations that have more jobs per worker and awarding more overall points for proximity to transit, service frequency, and residential density. Said Kathryn Tholin, CEO of (CNT), "Illinois has made gains in siting affordable housing in communities that meet fair housing goals. Our report reveals that we could do better, by choosing locations that offer greater access to employment, better transportation connectivity and improved access to amenities."

California and the Feds Focus on Misclassification of Employees as Independent Contractors

The State of California and the U.S. Department of Labor (DOL) have entered into a memorandum of understanding in order to combat misclassification of employees as independent contractors. Two new sections of the California Labor Code increase civil penalties for employers engaging in willful misclassification of workers. In addition to significant monetary penalties, violators are required to publicly post notice of the violation, and those advising employers to improperly classify their employees are exposed to liability. The phrase "willful misclassification" is defined under the statute as "avoiding employee status for an individual by voluntarily and knowingly misclassifying that individual as an independent contractor." Financial penalties can be imposed at a minimum of \$5,000 and a maximum of \$15,000 per violation. A violator must post notice of the violation on its website and in public areas at the work site visible to employees and the general public, for one year.

The new California Labor Code provisions go hand in hand with the DOL's efforts to combat employee misclassification. Under the Obama administration, the DOL has launched an initiative to prevent, detect and remedy employee misclassification. The agreement with California is the latest in a series of memoranda of understanding between the DOL and state governments. Similar agreements have been reached with Colorado, Connecticut, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Missouri, Montana, Utah, and Washington.

Employers may be motivated to misclassify employees as contractors in order to avoid payroll hassles, overtime, workers compensation insurance, unemployment taxes and FICA taxes. The potential impacts of these enforcement initiatives on employers are significant, creating exposure to heightened penalties, third-party liability for advisors, and reputation-damaging notification requirements. Accordingly, employers should carefully assess existing classifications with counsel in order to eliminate any misclassifications, willful or otherwise. [CHB](#)

Compiled by Doug Kleine

Union Pension Funds Help Finance Senior Co-ops

The AFL-CIO Housing Investment Trust (HIT) announced that it is providing \$4.7 million of union pension capital to help finance construction of senior cooperative housing in Roseville, Minnesota. Located near St. Paul-Minneapolis, the project will have all of its on-site construction work performed under collective bargaining agreements with local building and construction trades unions. The HIT investment will help finance the \$11.2 million first phase of construction, which will produce 48 housing units in a four-story building offering residents a wide array of amenities. "We were able to put together an innovative financing package thanks to our strong working relationship with Dougherty Mortgage, the FHA lender for the project," said HIT Investment Officer Chris Shaw.

The project will be developed by United Properties, an award-winning developer that has done six controlled equity senior co-ops under the Applewood Pointe brand in the last 10 years. In 2009, the HIT provided \$17.6 million for another United Properties project, the recently completed Applewood Pointe of Bloomington at Southport, which created 101 senior housing units and approximately 130 union construction jobs.

The two Applewood Pointe projects are part of the HIT's national Construction Jobs Initiative. The initiative was launched in early 2009 to help promote economic recovery, with the goal of creating 10,000 union construction jobs. The HIT is more than 90% of the way to that goal, having financed 30 projects to date in the Twin Cities, Boston, Chicago, New York, San Francisco and other cities. These investments have created more than 9,000 union construction jobs and 9,300 housing units across the country, with total development costs of \$1.5 billion. The HIT manages \$3.9 billion in assets for investors which include union and public employee pension plans, investing primarily in government and agency insured and guaranteed multifamily and single family mortgage-backed securities. The HIT is one of the earliest and most successful practitioners of socially responsible, economically targeted investing, with a track record that demonstrates the added value derived from union-friendly investments.

Letter from the City Spurs New York Tenants to Form Co-op

After decades of enduring substandard housing conditions, 53 tenants from 652-656 West 160th Street achieved a major victory, in March 2012, when they officially purchased their two buildings. The effort culminated six years of effort, kicked off when the city notified tenants that the landlord owed real estate taxes to the city. The tax delinquency gave the tenants the opportunity to form a co-op and take ownership of the buildings. All of the families in the buildings have lived there for at least 10 years, some for as long as 40 years, and are deeply invested in making the cooperative a success.

The tenants banded together and sought assistance from the Northern Manhattan Improvement Corporation (NMIC), a local non-profit organization founded in 1979 whose work includes housing development, weatherization services, and education, among many services. NMIC provided the direction and education the tenants needed in order to pursue a path to ownership and to purchase the shares of the property. NMIC trained the future shareholders, and worked with an attorney to form the coop.

Beyond aiding tenants in gathering information and resources, NMIC was also the developer and sponsor for the project. It also assisted the tenants in procuring \$7,769,384 in financing through the City of New York, NCB Capital Impact, and the Federal Home Loan Bank of New York. NMIC also aided 35 tenants in acquiring Section 8 subsidies.

As part of the renovation, NMIC's Weatherization Assistance Program was used for a green retrofit of the buildings, including the replacement of all windows, energy efficient lighting and refrigerators, insulation, and 10 super efficient gas boilers. The apartments were also outfitted with baseboard heaters and individual heat thermostats, which are significantly more energy efficient than the old steam radiators.

Besides looking after each other the newly minted shareholders enjoy economic benefits and added internal and external security. "There are more than 32 cameras inside and outside, so if you try to come in we'll see you. And if you do as much as a scratch on the wall we'll know who you are," said one member. "And we will call the police," added another.

NMIC also worked closely with tenant leaders, meeting on a monthly basis with the elected members of the tenant board of directors and their managing agent to ensure the buildings were being run properly during the 6-year development phase. NMIC continues to make sure building residents attend classes that educate them on finances, and how to care for their newly owned property. This is the third affordable housing cooperative that NMIC has developed since 2009 through the City of New York's Third Party Transfer Program.

Rural Minnesota Developer is a Co-op

Northwest Minnesota Housing Cooperative (NMHC) is celebrating its 14th year of building homes, according to the *Crookston Times*. The NMHC has constructed several homes in Crookston over the years, and is currently overseeing the residential development on the land around the former Lincoln School. The whole concept of a cooperative for development and construction is widespread overseas, but NMHC is one of a very few cooperatively organized developers in the United States. The cooperative's 65 member businesses in the construction trades have factored significantly into the growth of their communities, constructing 169 affordable new homes valued at \$25.8 million since inception of the co-op.

As a specialist in the construction of new, energy-efficient homes for growing families with moderate incomes, the cooperative has served 73 of the region's first-time homebuyers. Often, homes are located within subdivisions created by Midwest Minnesota Community Development Corporation, a local nonprofit agency and founding member of NMHC. "We founded the cooperative after realizing there was unmet demand for safe, comfortable housing at sustainable prices, and that demand remains today," MMCDC President Arlen Kangas said. USDA Rural Development also contributed to the founding of the cooperative and works with MMCDC to offer low-cost mortgage financing to buyers. "USDA makes home ownership possible for many by providing home mortgages with very low down-payment requirements," Kangas added. Many buyers have purchased a new home with a down-payment of just \$500. Historic low mortgage rates nationwide, and stable manufacturing and agricultural industries regionally, have contributed to the success of the cooperative, as have local tax incentives for affordable housing development. The cooperative provides a simple path to home ownership by serving as general contractor, providing a variety of home designs for buyers to choose from, then locating and overseeing trained workers, who complete the home to specifications. [CHB](#)

Ordering appliances at a discount through NAHC's GE/Hotpoint program is as easy as 1, 2, 3...

1. Establish an account.

If you don't already have a GE account number for the NAHC program, call Pam Sipes at 1-800-782-8031 Option 4 to establish one. If you have an account number but don't remember it, or if you're not sure whether you have one, call Pam Sipes. You will need to fill out a credit application form, available from Pam.

2. Select the products you wish to purchase.

Once your account number is established, GE will send discount price and availability material directly to the account number address. Note that volume discounts may be available. Even if you're not interested in ordering now, you can always request a catalog of GE products from NAHC at 202-737-0797.

3. Place your order.

Call the regular GE customer service number, 1-800-654-4988, to place an order.

The GE/Hotpoint program is an NAHC member service.



CSI Support & Development Services

Twelve CSI co-ops were awarded three-year HUD grants for service coordinators, and all positions have been filled. With the release of a new notice of funding under HUD for service coordination, CSI has submitted applications for 10 additional co-ops. Adding service coordination was a big change for CSI, and for several years, CSI has been working with the Hannan Foundation (Detroit, MI) to learn about the service coordination program and how it could fit into CSI's model. A great deal of time has been spent training the coordinators on the unique cooperative management system so that the CSI volunteer-based system is supported and not compromised by new staff. Anne Sackrison, CSI's National Operations Manager, states, "The service coordinators in CSI's co-ops will provide very valuable services for our members so they can age in place comfortably in their cooperative homes. Service coordinators will offer financial, legal, medical and caretaking assistance along with educational and emotional support. CSI is delighted to team up with the Hannan Foundation because both of our organizations are non-profit and exist to serve the needs of seniors."

CSI's management conference theme this year is the International Year of Cooperatives. NAHC members who are not in a CSI co-op are welcome to attend one of the regional conferences. The fee for materials and meals is \$175. Contact Karen Braunscheidel, CSI's Education Manager, at karen.braunscheidel@csi.coop for more information. Conference dates and locations are as follows:

- ▶ Pacific Palms Hotel, City of Industry, California: August 15-17
- ▶ Kellogg Center, East Lansing, Michigan: August 28-30
- ▶ Loew's Hotel, Annapolis, Maryland: September 5-7
- ▶ Four Points Sheraton, Leominster, Massachusetts: September 11-13

Council of New York Cooperatives & Condominiums

The Council of New York Cooperatives & Condominiums and its Action Committee for Reasonable Real Estate Taxes have been fighting fiercely to extend the property tax abatement program for home owners in New York City cooperatives and condominiums, countering 11th hour proposals by the City to modify the existing program without necessarily fulfilling the mandate of fairness in property taxes. City budgetary concerns have also led to an attempt to exclude cooperatives and condominiums from benefitting from tax incentive programs for capital improvements in landmark districts.

CNYC continues its regular schedule of evening classes, and is preparing its 32nd annual all day Housing Conference, which will take place in Manhattan at Baruch College on Sunday, November 11th. All NAHC members are welcome to attend this conference at the modest member rates starting at

\$70 for early registration. Details, deadlines and registration forms are at www.cnyc.com.

Potomac Association of Housing Cooperatives

The 2012 Annual Conference was held on April 26-28, 2012, at the Ramada on the Beach, Virginia Beach, VA. PAHC's theme for this year was "Wave of Change." The conference attendees were welcomed by Councilmember Glen R. Davis, and at lunch we received a bit of PAHC history and a thought provoking message from the keynote speaker, Peter Behringer. Congratulations to the new board members and officers: Annie Hill, President; Melinda Rickey, Secretary; William Brawner, Treasurer; Myrine Buford, Vice President; Maxine Lyons, Asst. Secretary; Ruthie Wilder, Assistant. Treasurer; Debra Campbell, Jackie Brown and Willie Sims, Members-at-large.

The President presented awards to the following: Cooperator of the Year: Herb Cooper Levy; Cooperative of the Year: Madison Terrace Cooperative; Lifetime Achievement: Myrine Buford; Distinguished Service: William McKoy; Certificate of Appreciation: Melinda Rickey. PAHC will be launching its new website soon.

Future Trainings and Annual Conferences

- ▶ 2012 Fall Training, November 10, 2012, St. James Mutual Homes, Washington, DC
- ▶ 2013 Conference site, April 25-27, 2013, The Grand Hotel, Ocean City, MD

Cooperative Housing Association of New England

Last fall, a bill was introduced in the Massachusetts legislature that would severely limit the ability of co-ops to exercise member selection powers. CHANE and NAHC spoke out strenuously, and it seemed like the bill was stopped. However, bill sponsors made a new effort in June by attaching the bill to "must pass" budget legislation. CHANE thanks NAHC for quick mobilization to oppose this additional attack, which not only would harm co-ops but also bypassed internal legislative processes.

CHANE has a standing policy of offering help to its member cooperatives with serious kinds of "trouble." Under this policy, CHANE officers have been helping three of its affordable limited equity co-op members. One received an unusually low REAC score and was threatened with enforcement action. Another has major restoration, capital improvement and refinancing concerns. A third, which was originally built with master metered electricity, has an urgent need to install individual electric meters, increase its monthly charges and secure new financing. [CHB](#)

People and Places



CHUCK SNYDER, President & CEO, National Cooperative Bank (NCB), was inducted into the Cooperative Hall of Fame in May, 2012. He joined NCB in 1983 as Corporate Vice President and CFO. He became President & CEO in 1992 and has since lead the Bank and its affiliates through challenging econo-

mies while at the same time strengthening existing cooperatives and nourishing new market development. He is responsible for NCB's commitment to Mission Banking, which in 2010 alone accounted for \$347 million in direct lending, investments and facilitation of creative transactions to support low- to moderate-income communities. He was cited for consistently looking for opportunities to advance cooperatives in all sectors and he has risen to their defense when cooperatives and their business model have been threatened. A passionate believer in innovation and collaboration, he has served on numerous cross-sector task forces and boards and played leadership roles in achieving such innovative landmarks as the growth of the purchasing/shared services co-op sector, the establishment of the dot.coop domain name, and the establishment of successful marketing pieces like the Co-op 100 that give cooperatives valuable new audiences.

OLD COURT ESTATES CO-OP, part of the CSI Support & Development family, has been awarded the National Affordable Housing Management Association 2012 Vanguard Award for New Construction in the category of Small Property (under 100 units). The Vanguard Awards

celebrate success in the multifamily affordable housing industry by recognizing and benchmarking new, quality, multifamily affordable housing development or significant rehab. Old Court Estates Co-op is the second CSI project to receive this prestigious national recognition.

DOUG KLEINE, former Executive Director of NAHC, was elected to the Board of Trustees of the National Housing Conference (NHC). Formed in 1931, NHC has served as the *United Voice for Housing* and provides nonpartisan advocacy for effective housing policy solutions. Kleine previously served on the NHC board from 2003-2007.

COOPERATIVE LIVING ORGANIZATION (CLO) at the University of Florida won second place for photos in the "My Co-op Rocks" video and photo contest, part of the International Year of Cooperatives activities in the US. For 78 years, CLO has provided experience in independent living for financially distressed students.

EMILY LIPPOLD CHENEY is the new Executive Director of North American Students in Cooperation (NASCO). Based in Chicago, NASCO employees have recently unionized through Industrial Workers of the World.

SANTA ROSA CREEK COMMONS, the oldest co-op in Santa Rosa, CA, has burned their mortgage. A fireside chant summed up the co-op way as members sang, "We don't agree on everything/ and so we talk a lot/ we aim to get consensus/ though our arguments are hot." **CHB**



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