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NAHC

COOPERATIVE HOUSING
QUARTERLY*A member service of the National Association of Housing Cooperatives*

Spring 2017

A Credit Check Pitfall Cooperative
Boards Can Avoid

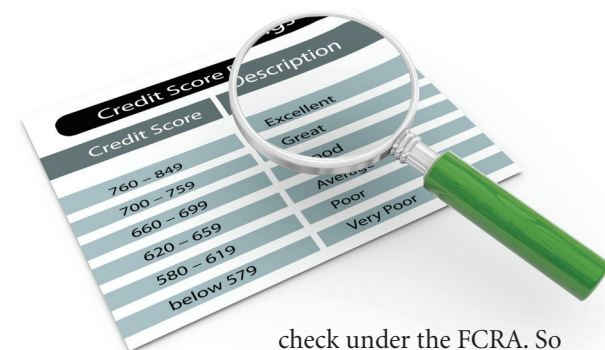
By Randall Pentiuk, Esq., and Kerry L. Morgan, Esq.

In considering a new member, cooperative boards usually include a credit check authorization form in their application packet. The credit check form to be signed by the applicant is usually straightforward, authorizing the board to run a credit check on the applicant to be used in the membership eligibility process. The Fair Credit Reporting Act (FCRA) indicates that the credit check authorization form, however, "consists solely of the disclosure." See 15 U.S.C. § 1681b(b)(2)(A)(i). Thus, courts will carefully scrutinize authorizations which add additional language to the disclosure.

As it happens in life, someone had a new idea. The thinking goes like this:

"Why not include some additional language in the disclosure? In addition to the housing applicant authorizing the cooperative to run a credit check, let's add release and indemnity language in the disclosure form. That way, if the cooperative misuses the credit check information, it can't be sued because the applicant has released the cooperative."

Good idea? Bad idea? New ideas sometimes lead to unexpected consequences. A recent case of interest to cooperative boards was decided in California. It did not involve an application to a cooperative. It involved an application for employment, but the principle is the same. The applicant sought a position with a company, and the company asked the applicant to sign an authorization allowing the company to run a credit



check under the FCRA. So far so good. The applicant filled out and signed a one-page form entitled "Pre-Employment Disclosure and Release." That form contained acceptable disclosure language, but it also added the following language:

"I understand that the information obtained will be used as one basis for employment or denial of employment. I hereby discharge, release, and indemnify prospective employer, PreCheck, Inc., their agents, servants, and employees, and all parties that rely on this release and/or the information obtained with this release from any and all liability and claims arising by reason of the use of this release and dissemination of information that is false and untrue if obtained by a third party without verification." *Syed v. M-I LLC*, CIV. NO. 1:14-742 WBS BAM (E.D. Cal. Oct. 22, 2014).

Note the additional language—"I hereby discharge, release, and indemnify." The applicant alleged that the FCRA prohibited this language on the disclosure form. On Appeal, the Ninth Circuit Court of Appeals agreed. The Court found that the employer's agent's Pre-Check, violated the FCRA

Continued on page 5 >

**Cooperatives -
Come Walk With Us
On The Paseo Del Rio**

NAHC
National Association of Housing Cooperatives

The Westin Riverwalk

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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 cooperatives in Washington, DC, and by providing education, service, and information to cooperatives.

Mission Statement

NAHC's mission is to support and educate existing and new cooperative housing communities as the best and most economical form of homeownership.

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Member Associations

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

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Ad Hoc Share Loan Committee – Gregory Carlson
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Membership Services Committee – Linda Brockway
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For addresses of all associations and committees, please email info@nahc.coop.

About Bostrom

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

NAHC Committees and Conference Plans Greet Spring with Budding Ideas

ON FEBRUARY 11, 2017, the National Association of Housing Cooperatives (NAHC) held its board meeting in Washington, D.C. During this meeting, the board formalized the 2017 budget. NAHC also incorporated a new committee called the International Committee, which will monitor the relationship between NAHC and the Co-operative Housing International (CHI). In addition, the board also discussed the 57th conference in San Antonio Texas. The Membership Service Committee (MSC) will present its choice of location for 2018 at the July Board Meeting.

In other committee news, the MSC is exploring new membership programs. The Development and Preservation Committee (D&P) will promote the website: Developer's Toolbox," which will be ready in early summer. The D&P Committee will also be setting up sessions for the annual conference.

The new Roger Willcox Library Committee was set up and made its report. Willcox, the icon in cooperative housing, has file cabinets full of useful information that need to be preserved. The committee has a method to transport Willcox's file cabinets to the Midwest Association of Housing Cooperatives (MAHC), in which NAHC board member Randy Pentiuk will arrange for his firm to scan the documents. The cost of the move will be approximately \$1,200 which was raised from the board members.

The Government Relations Committee also reported its ongoing discussions with the IRS on modifications in regards to Section 216 on unrelated business income. Since this is a new Congress, NAHC's legislative agenda must be reintroduced. The legislative agenda includes the following:

- 1) FEMA relief for housing cooperatives when a disaster occurs;
- 2) Reverse mortgages for seniors in cooperative housing; and
- 3) Veterans loan guarantees for cooperatives.

The committee works with NAHC's government

relations representative, Judy Sullivan, in lining up sponsors for our legislative agenda. The committee re-emphasized the importance of each member reacting to a "Call to Action." The committee asks for help from the member associations in this endeavor.

The regional (member) associations are the back bone of NAHC. If you are not a member of your local association, BECOME ONE! If you are a member, please support its activities and attend its annual conference.

A calendar of events can be found on the NAHC's website.

At the last annual conference, NAHC released a new membership services program called "Cooperative USA Share Listing Program," in which a cooperative or a member may list its cooperative membership for sale. We urge all our members to use this new program.

Turning to federal issues, we have a Republican Administration and Congress. The real estate industry believes that one important issue that is number one on their list is tax reform. The house Republicans have made a "blueprint" of tax reform which has concerns. These concerns will be dealt with at the cooperative corporation level which are:

- ▶ Replacing depreciation expense with an immediate expensing of the investment;
- ▶ Elimination of the deduction for business interest (mortgage interest); and
- ▶ Elimination of the Low-Income Housing Tax Credit (Used by some to develop cooperatives).

If NAHC sends a "Call to Action" on this issue, please contact your local congressperson and let him or her know these changes will hurt your cooperative.

Lastly, NAHC receives from our management company, Bostrom, a free workshop per year. In the past, we focused on marketing and new member development. This year we will work on board development and accountability.

Let us all welcome spring. [CHO](#)



Ralph J. Marcus



Greg Carlson



Fred Gibbs



Linda Brockway



Anne Hill

COMMITTEE CORNER

Audit Committee

THE AUDIT COMMITTEE met in January to review its committee charter, clarify its role relative to other related committees and set an agenda for meeting its 2017 goals.

The committee is to review and comment to the board on the internal controls and scheduling process and overall audit process. The committee will outline any significant findings, recommendations, including risk factors identified by auditor, and present to the board.

Bostrom has provided the requested reports, and the board chair has responded to the questions the committee posed.

The committee discussed the timing of audit preparation versus cost effectiveness. Audits are currently performed after the April 15th tax season to save money. Pre-April 15th cost is \$5,000; post-April 15th, \$3,750. There is not an upcoming issue that would require a pre-April 15th tax season audit to be considered.

The following is the tentative timeline for Audit Committee business:

- ▶ Audit Prep Starts – April, 15, 2017
- ▶ Audit Completion – April 30, 2017
- ▶ Audit Committee Review & Questions – May 15, 2017
- ▶ Meeting with Management & CPA – July 21, 2017
- ▶ Recommendation to Board – July 22, 2017

Contract Review Committee

THE CONTRACT REVIEW COMMITTEE received and reviewed evaluations for the Roles, Risks & Rewards: 3Rs for Cooperative Boards classes. Kimalee Williams taught the course on November 5, 2016, at Calvert Court Cooperative in Baltimore, Md. and on January 28, 2017 at Seabury Cooperative in New Haven, Conn. Linda Brockway was the instructor on November 19, 2016, at Warren Gardens in Roxbury, Mass. and December 10, 2016, at Madison Terrace Cooperative in Washington D.C. The committee received excellent feedback, and all of the training sessions were a great success.

Suggestions to improve the course included requests for how a cooperative works; more information on recommending how different cooperatives are organized and managed; governing documents ahead of time so that the instructor can have some information about the cooperative; and more class discussion time.

Development and Preservation Committee

THE COMMITTEE approved the committee charge and charter and selected Hugh Jeffers as the chair. The committee's focus for this year is to create financing updates for preservation of existing cooperatives to include, Fannie Mae, and conventional sources; expand on crowd funding opportunities for new development; and identify additional sources of financing for new development, preservation and share loan funding.

To fulfill these goals, the committee seeks to:

- ▶ **IDENTIFY** new equity sources including attracting investors to the cooperative model and identifying groups willing to provide pursuit capital;
- ▶ **DEVELOP AND MARKET** cooperative model to target list of developers including former 202 senior housing developer's, church groups and non-profit developers. Organize by region and state. Consider joining forces with Cooperative Works and collaborating with NASCO and the Senior Cooperative Foundation.
- ▶ **FINISH** developer's toolbox on the website by the summer board meeting.
- ▶ **DEVELOP** two to three educational sessions for the annual conference. Subject matters to possibly include the following:
 - Preservation Financing Update – FHA 223 (f) and Fannie Mae
 - New Construction Financing
 - Ideas for helping cooperatives serve an aging membership
 - Preparing for a Rehab project

THEY SAID IT

Interactions with the beneficiaries of one's work can be highly motivating because they heighten workers' perceptions of the impact of their work.

—Francesca Gino, Harvard Business School

Showcase your Cooperative with NAHC'S Newest Member Benefit, Cooperative USA Share Listing Program

If you're an NAHC member and interested in listing a cooperative membership for sale, the Share Listing Program is available to help. This new listing program is the ultimate resource to promote your available membership to the extended NAHC network at an affordable rate. Unlike many competing platforms, our pages are not oversaturated with content, thus, creating a prime resource to increase your visibility. Take advantage of your newest NAHC Member benefit and list your cooperative share today.

The price of the listing is \$60 for a period of 90 days. At the end of the 90 days, the member can relist for an additional 90 days at an additional price of \$60. The listing will be placed on the NAHC website under the share listing section. Members will have the opportunity to share seven photos of the unit that will be placed under the share listing. The member will be able to provide a description of up to 150 words.

Interested in posting your available share? [Download](#) the Share Listing Contract from our website. For questions, more information, handouts, flyers, etc., please contact any member of the committee: Committee Chair Karen Harvey, kareharvey7@aol.com, 734-334-0002; Hope Turner, hturner627@hotmail.com, 734-676-1424; or Donna Marie Curvin, curvindonna27@gmail.com. [CHA](#)



► Credit Check Pitfalls [continued from page 1]

by adding this additional release language. It was a good idea that led to a bad result for the employer.

The Court's exact ruling held that a prospective employer violates 15 U.S.C. § 1681b(b)(2)(A) when it procures a job applicant's credit report after including a liability waiver in the same document as a statutorily mandated disclosure. The Court also held that, in light of the clear statutory language that the disclosure document consists "solely" of the disclosure, a prospective employer's violation of § 1681b(b)(2)(A) is "willful" when the employer includes terms in addition to the disclosure, such as the liability waiver here, before procuring a credit report or causing one to be procured. A "willful" violation triggers statutory damages from \$100 to \$1,000 per violation, punitive damages, and costs, including attorneys' fees.

What should you do? The best place to start is to look at your membership application packet, especially the credit check disclosure form. Read it carefully. Does it contain any language about "discharge, release, and indemnify?" If so, send it off to your legal counsel for review and possible revision. There may be an opportunity to keep the release language

in a separate stand-alone document that covers the entire membership application process. But one thing is for certain: to let such language remain in the credit check authorization form is inviting disgruntled and denied applicants to go to a lawyer of their own and question why they were denied membership. That could lead back to the FCRA and the possibility of damages. Why expose the cooperative when prior legal review, care and planning can better ensure that your membership application package is in tip top legal shape? [CHA](#)



Randall Pentiuk, Esq., is the founding member, attorney and managing shareholder at Pentiuk, Couvreur and Kobiljak, PC. in Wyandotte, Mich.



Kerry L. Morgan, Esq., is an attorney with the firm of Pentiuk, Couvreur and Kobiljak, PC. He leads the firm's Civil Rights and Employment Practice along with Class Actions and Complex Litigation.

NAHC Founder, President Emeritus: Gives Advice to Those Seeking Board Service

With the NAHC board elections in the fall, CHQ editor Altoria Bell Ross had a conversation with NAHC President Emeritus Roger Willcox. During the interview, Willcox discussed his launch into cooperatives, his board service, his accomplishments as president and advice for rising NAHC board members.



My top priority is an autobiographical type book with major emphasis on types of affordable cooperative housing.

EDITOR: What was your starting point in the cooperative world?

WILLCOX: Housing cooperatives have been part of my life since 1928. That is when my parents helped create the Bleeker Gardens Co-op in New York City, so my brother, three sisters and I could attend the nationally known City and Country School nearby.

After an eventful childhood, a Harvard College degree and a most unusual Army career, five Willcox families, many friends and I created Village Creek, the first intentionally open occupancy cooperative community in Connecticut in 1950 where I still live today with two of my children and their families.

When Congress approved Section 213 of the National

Housing Act early in the 1950s, I was asked by trustees of the Foundation for Cooperative Housing (FCH) to be the general manager of its new not for profit subsidiary, FCH Company, later known as FCH Services, Inc. As by then a Massachusetts Institute of Technology graduate city planner, I accepted this assignment and with excellent legal counsel services of Krooth and Altman. I spent nearly 20 years organizing mostly “affordable” housing cooperatives before an unfortunate decision by the FCH Board led to my resignation and a prediction that FCH under its new policy would be bankrupt within five years, which did happen just as predicted.

Dave Krooth for his own reasons engineered that decision and the actions against me that followed. Krooth and company were only interested in new construction, so I continued organizing mostly conversions of existing rental housing. In 1987 I received recognition. The National Cooperative Business Association inducted me into the Cooperative Hall of Fame for organizing housing cooperatives in 30 states, serving more than 55,000 families, helping create the NAHC in 1960 and serving as its president for more than 10 years.

EDITOR: Why did you run for the NAHC board?

WILLCOX: I saw it was essential for housing cooperatives to have a source of ongoing education. By 1960 FCH had already completed organizing new housing cooperatives in 10 states and had 19 full-time staff members working out of four regional offices: Michigan, Washington, D.C., California and Connecticut.

Jerry Voorhis, a FCH trustee and president of the Cooperative League of the USA suggested it was time to organize a national association of housing cooperatives. He took the lead in getting the big housing cooperatives in New York City and the Housing Committee of the AFL-CIO to attend a founding meeting in New York City at which NAHC was born.

Three organizations each pledged \$5,000 for first year dues: the AFL-CIO, Nationwide Insurance and FCH. I volunteered to be treasurer of the new NAHC and promoted new regional cooperative housing associations in the areas where we were already organizing several new housing cooperatives. As one of its principal organizers and officer, I was on the NAHC board from day one.

EDITOR: Why did you agree to become president of the NAHC board?

WILLCOX: The NAHC Board appointed its first

officers. Voorhis served as its president for at least one year. I served a year or two and then tried to get our West Coast organizer, Paul Golz, to take the job. Golz came from New York and had many cooperative friends there. But after a couple of months, he resigned, saying it was taking too much of his time. No one else volunteered to be the NAHC president, so I had to take over again. After a decade as NAHC president, I also announced it was time to resign and did so at the next the Annual Membership Meeting, promising to stay on the NAHC board as long as the membership wanted me to be a senior advisor. I asked for a secret ballot vote to confirm this option. The vote was 164 to one (My wife Joan was a delegate and later admitted she cast the dissenting vote.).

EDITOR: What were your most important achievements during your tenure?

WILLCOX: The most lasting achievements have to be those in the field of NAHC publications. Over the first 30 years of NAHC existence--the 60s, 70s and 80s--it was a struggle just to even have NAHC publications and functioning regional associations. I think my filing drawer of NAHC publications is the most complete one we have for those years. When I personally delivered four filing cabinets of other NAHC records to our then Alexandria, Va. office in the 1990s, I was shocked to learn of the fire the next day that destroyed most of them.

EDITOR: What advice would you give to perspective members who want to serve on the NAHC board?

WILLCOX: Someone who wants to run for the NAHC Board needs to begin by discussing their reasons with a friend who is on the NAHC board. There are several matters to consider. First is why the individual wants to be on the NAHC board. It makes a big difference if he or she is an elected housing cooperative board member or a staff member of a management company managing one or more cooperatives or a member of a cooperative committee or someone just interested in attending a NAHC board meeting.

An example is Kimalee Williams, who was managing some small Connecticut cooperatives

Interested in Running for the NAHC Board?

Five three-year positions on the NAHC board will be up for election at the October NAHC Annual Meeting of Members. The following individuals are serving terms that expire in 2017: Richard Berendson, Fred Gibbs, Stephen Sarine, Stephen Somuah and Ruthie Wilder.



According to NAHC's bylaws, to be eligible to be elected, a candidate must be a representative of a housing cooperative that is either a direct member or a member through a member

association, or must be an individual member, or must be a designated representative of a member firm or organization.

Candidate information packets and nominating petitions may be obtained from the NAHC office by calling (202) 737-0797 or emailing info@nahc.coop. The final deadline for submission of signed petitions is 5:00 p.m., Wednesday, October 25, 2017. If your petition is received by May 19, we will include your candidate statement and photograph in the summer issue of the *Cooperative Housing Quarterly*.

The election will take place at the 2017 NAHC Annual Meeting of Members, which will be held on Saturday, October 28, at the Westin Riverwalk in San Antonio, Texas. Candidates who are certified as eligible for election will be given the opportunity to speak to the membership at the candidate's night prior to the caucuses. Candidates need not be present at the annual meeting to be eligible.

for a commercial management company maybe 10 years ago. She got my name and phone number and called me with some technical questions on how cooperative oriented management handled matters. She is now president of CHANE, the nonprofit Cooperative Housing Association of New England, and also her of own management company. As president, she serves on the NAHC board and attends all its board meetings. As a founder of NAHC and its president for a dozen years, I'm still available if someone wants to call or email me. Check the CHQ for my contact information. [CHQ](#)

NAHC Gets a New Executive Director

By Altoria Bell Ross



For those who attend recent annual conferences, NAHC's new executive director, Mik Bauer, is a familiar face. He is the owner of the friendly face enthusiastically greeting members as they approach the conference welcome desk. Formerly Bostrom's membership manager, Bauer moved into his new position on February 1.

The Tulsa, Okla. native, has assisted multiple executive directors, senior advisors, business consultants and directors in a wide array of managerial duties since 2011. In addition to NAHC, Bauer serves the International Biometric Society (IBS) as the director of

administration. The IBS serves a large international membership with more than 30 chapter regions worldwide. Bauer is the international liaison between the regions and the members, supporting the executive board and performing membership management, conference logistics and planning, education, communications and website support.

Prior to coming to Bostrom, Bauer worked as a corporate trainer with Caribou Coffee Company and served as the coffee industry's management certification and employee development supervisor

in the greater Chicagoland area. He also developed and successfully launched a half dozen corporate locations as well as the company's first five franchise locations in Illinois and Indiana.

In the past five years, Bauer said he has experienced firsthand NAHC's challenges and opportunities. He said a large obstacle NAHC faces, and the struggle of a lot of other organizations, is student and youth involvement in the association and in the cooperative housing industry due to young people's unawareness of its existence. Thus, Bauer's vision for NAHC is simple. "I'd like bring a deeper connection and understanding of housing cooperatives to the next, younger generation."

Bauer, who studied business administration and earned his associate's degree from Tulsa Community College, holds a certification in association management from the American Society of Association Executives. [CHQ](#)

Energy Star Program

Join NAHC and the thousands of partners who have already teamed with ENERGY STAR to save energy in homes and businesses through energy efficient products and practices.

ENERGY STAR, created in 1992, is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy.

The partnership offers a unique opportunity to leverage ENERGY STAR. The ENERGY STAR label appears on over 65 different product categories as well as new homes, commercial buildings and industrial plants.

To sign up, contact the area sales manager, Jason Lathery at 1-800-782-8031 or Jason.Lathery@GEappliances.com



A Definition For Housing Cooperatives

By Herbert H. Fisher

IT IS AMAZING that after 146 years since the Rochdale Principles were set forth by the Rochdale, England pioneers in cooperation, there is not a readily available, cryptic definition of a cooperative, much less a housing cooperative. When asked, what is a cooperative, most all refer to those Rochdale Principles, as modified over the years. However, those Rochdale Principles are an operational guide for cooperators and do not describe what structure a cooperative should take. This writer assumes that the Rochdale pioneers understood that in different countries and in different times, laws regarding structure of business operations and the ownership of property could be different and could change. The Rochdale pioneers left it up to the successors to make a decision that would best permit the employment of the Rochdale Principles and the goal they desire to be reached.

Those writing about the subject of cooperation centered their discussion more about operations and how to put the principles into reality. The only reference this writer has found to this issue was in Jerry Voorhis' book "Cooperative Enterprise: The Little People's Chance in a World of Bigness," published by The Interstate Printers & Publishers, Danville, Illinois, 1975, Library of Congress Catalog Card No. 74-17878.

Voorhis was a modern pioneer in cooperation as a leader and president of the Cooperative League of the USA (CLUSA) and a founder of the National Association of Housing Cooperatives.

On page 15 of his book, he writes:

That characteristic (of a cooperative) is to be found in the purpose of the enterprise and the pattern of ownership which must necessarily go along with that purpose. It is this different purpose and it is this different pattern of ownership that distinguish cooperatives from other forms of economic organizations. First, a cooperative enterprise is one whose purpose is to provide its customers and users of its services with goods or services which they need at the lowest economically practicable net cost and in the form and quality those customers desire. The only way to be sure this is done is for the customers or users of the services to be also the owners, and the only owners, of the business.

And on p. 17, Voorhis concludes, "Cooperatives, then, are consumer-owned, customer-owned, patron-owned businesses that belong lock, stock, and barrel to the same people who use their services."

The Voorhis language above suggests the following as a definition that would fit for cooperatives operating in every sector of the cooperative economy.

"...a cooperative is an entity that owns or leases the assets that produce a benefit for its member/shareholders and operates in accordance with the Rochdale principles."

Without departing from the Voorhis language and the previous definition for all cooperatives generally, the following definition would be more specific for the housing segment of Cooperation.

"...a housing cooperative is an entity that owns or leases the housing for the purpose of providing housing for its member/shareholders substantially in accordance with the Rochdale principles."

A couple of comments are needed with respect to the housing cooperative definition.

First, a relatively recent phenomenon has occurred in the United States in the form of mobile home park cooperatives. In this arrangement, the cooperative owns the land and all improvements on the land except the mobile home, which is owned by the individual cooperator, who leases the improved lot upon which the mobile home is situated. The cooperative owned land is considered as real estate (realty), but the mobile home (removable) resting on the lot is considered as personal property (personalty). The cooperative pays the insurance on the land and improvements for maintaining the land and improvements and other services and, in some states, the real estate taxes on the land. The cooperator pays for the mobile home, its personal property taxes, insurance on the mobile home and its maintenance. This is a "residential land owning cooperative" which supports housing but does not provide it. This requires a further thought through policy question for the Cooperative Movement as to whether it is to be included in this definition, an amended housing cooperative definition or have a definition of its own. This should involve the thinking of the mobile park cooperators themselves.

Secondly, the word "substantially" is used in this definition because the International Cooperative Alliance (ICA), in defining cooperator's voting rights, describes one vote per person or, in the case of housing cooperatives, one vote per unit. Cooperatives organized under New York law and under business corporation laws have proportionate voting rights according to shares owned, which under ICA is reserved only for secondary cooperatives, i.e. cooperatives of cooperatives. NAHC has a long-standing resolution calling on ICA to change that requirement as to USA proportionate voting housing cooperatives.

A definition gives a common understanding of what is a housing cooperative amongst all working in the housing cooperative field. It provides a uniform definition for developers, writers, legislatures and government officials and, most importantly, for consumers.

Without a definition, we get anomalies from time to time, e.g. the Iowa developer some years ago, developed a housing cooperative but retained all of memberships and subleased all of

Continued on page 15 >

Lead-Based Paint Final Rule Update

By Judy Sullivan



On January 13, 2017, the Department of Housing and Urban Development's (HUD) Lead Hazard Control and Healthy Homes Office issued a final rule amending the lead-based paint regulations by reducing the blood level in a child under the age of six that triggers an environmental intervention if the child lives in federally-owned or federally-assisted housing constructed before 1978. HUD adopted the revised definition of "elevated blood lead levels" established by the Centers for Disease Control (CDC). The final rule also establishes more comprehensive testing and evaluation procedures for housing where children live.

Scientific studies have shown that even low levels of lead in the blood can cause lifelong ill effects. The adverse health effects of lead in children include decreased bone and muscle growth, damage to the nervous system, kidney damage, blood anemia and damage to the brain, including behavior problems, lower IQ, hearing loss and learning disabilities.

"If an event occurs that triggers the requirements for testing and testing is not done, then that can be used as a standard for liability, or breach of statutory duty that can trigger liability in the event of a consequential injury."

— Anonymous Attorney

The Lead Based Paint rule was published as a proposed rule for public comment on September 1, 2016. The Final Rule was effective February 13, 2017 and enforceable July 13, 2017.

Major changes in the rule:

- Brings the definition of Elevated Blood Lead Level in line with CDC's threshold (reduce to 5 micrograms of lead per deciliter of blood (µg/dL) or greater);

- Enables HUD to change the Elevated Blood Lead Level in the future should the CDC threshold change;
- When a child is found with an Elevated Blood Lead Level:
 - 1. ENHANCES** the assessment in that child's unit from a Risk Assessment to an Environmental Investigation;
 - 2. ADDS** a requirement that every assisted unit in the building occupied by a child under 6 years old receive a Risk Assessment with Lead Hazard Control of any lead-based paint hazards;
 - 3. ADDS** a requirement that HUD be notified for all types of housing assistance that have an Elevated Blood Lead Level requirement.

The final rule is at: <http://bit.ly/2jh1eIE>
Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Response to Elevated Blood Lead Levels (24 CFR Part 35, [Docket No. FR-5816-F-02], RIN 2501-AD77). [CHQ](#)

Judy Sullivan is NAHC's government relations representative.



Follow potential cuts in HUD's budget on the NAHC web page and the CHQ. See overview of the budget process on page 19.

Myths and Maxims for Cooperative Boards

By Karen Zimbelman

Editor's Note: This article was reprinted from the May-June 1994 issue of the Cooperative Grocers.

Without a doubt, an effective board of directors requires smooth and well-planned internal systems. Yet, given the press of responsibilities and the on-going demands of the job, this is one area that sometimes “slips through the cracks.” Indeed, when things don’t go well, most directors and managers tend to overlook the importance of the board’s own operational systems in trying to make improvements.

Obviously, the goal of an effective board is to add value to the cooperative—help guide the cooperative, add to the expertise base of the company, make sure that the cooperative is true to its mission and meets the needs of its members. All in all, the goal of an effective board is to contribute to a well-run cooperative (in both operations and governance) and to help guide the cooperative’s decision making. But, without good systems through which a board can consider information and track its decisions, even the best deliberations on matters won’t avert miscommunication or problems.

What are these “internal systems?” What do we mean by “board operations?” These are the systems and mechanisms a board uses to keep itself organized, to plan its work, to coordinate and communicate and to record and document its actions. In other words, these systems help a board effectively stay focused on its responsibilities and the mechanisms used to keep track of what has happened and what will be coming up. All of these things add up to what could be called board operations, internal systems or board administration. Let’s start with a few myths regarding board operations that merit debunking:

MYTH #1: An effective board keeps itself focused on its overall role and responsibilities.

This statement sounds so simple we can only hope it’s true. Unfortunately, as with most things, focus, coordination and organization take work—they don’t just happen “organically.” This is as true in board systems as it is in natural law—entropy is an inevitable and predictable phenomenon. Without getting too philosophical, suffice it to say that boards need managing. “Board management”—that is, managing the board’s work—may not sound like a familiar concept, but it is imperative that it happen. Some aspects of board management are expected

of the cooperative’s manager; other aspects are the board’s own responsibility.

To begin with, most boards elect officers specially for the purpose of being accountable for certain areas of the board’s work. Officers aren’t just figurehead positions, they’re positions with responsibilities. The president’s primary role is to serve as the board’s overall coordinator—planning how the board will get its job done, preparing for board meetings and special sessions (e.g., retreats), coordinating with other groups and acting as the board’s primary liaison with management. The vice president is prepared to help the president or to serve as the president in his/her absence. The secretary is the board member accountable for making sure the cooperative’s record keeping is being done and being done to the board’s standards. The treasurer serves as the board member most responsible for keeping track of the cooperative’s financial systems, needs and condition. And, in total, these four officers, or those elected as the board’s executive committee should be clearly responsible for planning the board’s work for the next year and making sure it gets done.

As for management, good cooperative managers know that the management and board form the cooperative’s leadership team and neither can operate in isolation. While the board acts to ensure the owners’ interests are protected and considered, the staff’s job is to ensure operations run smoothly and efficiently. The cooperative’s manager is the bridge between the two.

A good cooperative manager knows that its parts of the job to work with the board in planning the work, in strategizing for the future, in keeping focused on the big issues without losing touch with

Effective directors are familiar with the internal systems being used by the cooperative and will work to keep themselves and the board focused on its overall role and responsibilities.



Karen Zimbelman is the director of membership and cooperative relations at National Co-op Grocers in Iowa City, Iowa.

the reality of the cooperative. She or he anticipates the kind of information that board members—both inside (employee) and outside directors—will want and need to make decisions on the issues before them. And, effective cooperative managers know that it is their job to provide support (both leadership and clerical support) for the board's internal systems.

Despite all of this, some may recognize a kernel of truth in the statement, "An effective board keeps itself focused on its overall role and responsibilities." Indeed, all good directors understand the responsibilities of the board and, as conscientious directors, make sure that they understand how the board will get its job done in the next year. Effective directors are familiar with the internal systems being used by the cooperative and will work to keep themselves and the board focused on its overall role and responsibilities.

MYTH #2: Committees help a board focus its work and should be created for special projects or issues.

This statement is really only partially true. Without a doubt, committees should help boards focus their work. Committee should be the working arms of the board—they should be created in areas where regular work is needed that doesn't require all of the directors' participation. But, like arms, too many committees can be difficult if not impossible to manage and coordinate. Unfortunately, most boards have too many committees, and the end result is that the committees contribute less to a sense of focus and more of a sense of busywork for directors. Too many committees tend to make cooperatives more bureaucratic and create endless demands on directors' and managers' time.

Remember that committees can be created for ongoing work (called "standing" committees), or for special needs (typically called "ad hoc" committees). Keep the number of standing committees to a few—no more than three or four is recommended. Every board will need a nominating committee—because the job of recruiting and overseeing the elections process for selecting new directors is too critical to the cooperative's future to leave to chance. And, every board will want a finance committee—because of the similarly critical need to monitor the cooperative's finances and address future financial needs in more detail than can be addressed in board meetings. Beyond that, it's recommended that boards carry no more than one or two additional standing committees.

All board committees must be chaired by a board member. The finance committee is more typically chaired by the treasurer. A board member who isn't up for re-election that year should chair the nominating committee. Since a committee is the board's working arm, it needs the accountability of a director as the committee chair. But, committees are also an excellent mechanism for member input and participation in

board deliberations. Encourage retiring board members as well as interested members to join a committee as their schedule and skills or interests allow.

There are two common board committees that are not really needed at all. The first is a personnel committee. The only real personnel function that a board has is to hire/fire and evaluate management. Typically, this will boil down to a once a year responsibility to coordinate the manager's evaluation. Given the importance of this board function, all directors must participate in the evaluation; is it really necessary to have a committee to coordinate this job? Even when starting from scratch with no prior experience as a model, one or two directors can work with the manager to coordinate this job.

A second common but unnecessary board committee is a planning committee. Again, planning is undoubtedly a critical area of board responsibility—setting the context for the cooperative's future and setting standards for future performance. And again, all directors should be involved. The only function of a planning committee would be to plan the planning process. Hopefully, your cooperative can avoid this approach.

MYTH #3: Board members need comprehensive information on plans and proposals; the more details that can be provided, the better.

This is an endless trap for managers and directors alike. Constantly asking for more details will leave board members feeling like a young puppy chasing its tail—there's no end to that game. Some of the decisions needing action by a board are such that waiting for more details may result in a missed opportunity or too long of a delay. It's difficult, perhaps even impossible, for managers or committees to be able to provide all the details some directors may demand.

Good proposals are summaries—summarizing the need for action, the research done, providing documentation for some of the more critical areas of analysis that have been conducted and then succinctly providing a clear recommendation for action. It's appropriate for directors to ask for details—to ask what the recommender (management or a committee) has considered in various areas, to ask for their thinking behind various aspects of a proposal. But directors don't need to re-do every step of the work themselves nor do they need to review or be involved in all discussions on the topic. At some point, making decisions is an act of faith. Endlessly asking for more details is the ultimate statement of no faith.

MYTH #4: Minutes should be a comprehensive transcript of the actions and discussion at a board meeting.

Absolutely untrue! In fact, when minutes (for regular, routine meetings) are recorded in this way, it's a general indicator of underlying problems.

Each and every meeting participant contributes to the effectiveness and functioning of each and every board meeting. No one is off the hook.

To begin with, there are practical problems with this transcript approach—documentation of who says what, when a break was taken, minor procedural discussions, etc., etc. Such minutes become exceedingly long and tedious documents and are rendered virtually unusable as a reference for most basic information.

In addition, there are potentially more serious political problems with this approach because it will tend to inhibit discussion. Directors need to be free to kick ideas around without being interpreted as advocating a particular position, to play “devil’s advocate” in considering recommendations for action. When every spoken word will be recorded and identified with the speaker, such free discussion will be constrained and the quality of the board’s deliberations and discussions will also suffer.

Board meeting minutes need to be a record of three main things: (1) the basics and mechanics—i.e., when the meeting was held, who was in attendance, what items were reviewed and discussed, etc.; (2) what was decided; and (3) what was considered in making that decision. Minutes can be too sparse; find the balance point so that they are useful for referring as well as provide documentation that directors are acting responsibly. And, of course, at any time, a director may ask that his or her own comments or vote be recorded in the minutes.

MYTH #5: *Good minutes provide adequate documentation for all the board does; no further records are needed.*

On the surface, this statement sounds true. But, at deeper examination, consider board policies. Policies are decisions or procedures established for recurring circumstances. As such, there will be a need to refer to approved policies over and over. Since minutes are filed by date of meeting, they’re not going to be very useful as a reference document for policies.

There’s no way around it—each cooperative board that makes policy decisions will need a separate record of policies. A policy manual will serve as a place where directors, managers and employees can easily find out what the cooperative’s current policy is on a topic or find out if there is a policy on a particular issue.

However, beware the bureaucratic trap of policies—when you get to the point where you have a policy on making policies, make sure that your cooperative hasn’t become too entrenched or unapproachable by members. While policies provide a framework for handling certain common circumstances—election procedures, share repurchase, access to records, etc.—policies aren’t always what is needed. No policy is needed to authorize two directors to work with management on new lease negotiations, or on other one-shot matters.

Now, a few maxims for effective board operations:

MAXIM #1: *All directors are responsible for the conduct of board meetings.*

Yes, it’s the president’s responsibility to plan and run effective board meetings. But, because one director is responsible, that doesn’t mean all other directors have no responsibility for the

way meetings go. Each and every meeting participant contributes to the effectiveness and functioning of each and every board meeting. No one is off the hook.

MAXIM #2: *All boards should establish a formal board orientation process.*

After one year on the board, almost every new director says, “I’m just now getting to the point where I feel like I understand what’s going on here and what our job is all about.” This phenomenon is even more disabling for cooperatives with high board turnover and short terms. But having any number of directors feel ill-equipped to do their jobs will make it more difficult for all directors.

A good orientation process can help directors catch up on what issues the board is wrestling with and provide an orientation to the cooperative’s operations and key performance.

A good board orientation process can help directors catch up on what issues the board is wrestling with and provide an orientation to the cooperative’s operations and key performance indicators. Additionally, an orientation provides an overview of what the board’s yearly calendar of topics and major decisions looks like. While it’s somewhat inevitable that directors will feel more comfortable with the job after having served one year, make sure that you do all you can to shorten the learning curve.

MAXIM #3: *Surprises should be avoided at all costs.*

Absolutely. Always. This applies equally to surprises among board members as well as between the board and management. Surprises (except for social occasions) never reflect trust and respect between the two parties, something that an effective board needs among all directors and between it and management. Trust and respect one another. Communicate openly and honestly. Avoid surprises. It will help your board immensely.

In summary: remember that the internal systems used by the board to conduct its business—meeting structure and conduct, recordkeeping, committee system, policy development, agenda preparation and advance materials, communication between meetings, training and orientation for new directors, etc.—play an integral role in the overall effectiveness of a cooperative board of directors. A little time spent preparing and planning how the board will get its work done will go a long way toward smooth, value-added board work. [CHQ](#)

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

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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.



INTERNATIONAL COOPERATION

British Columbia Federation Forms Land Trust for Affordable Cooperative Housing

By David Freed

THE CANADIAN COOPERATIVE housing movement has embarked on a novel initiative with the potential to transform how cooperatives are developed and preserved as affordable housing for future generations. The Cooperative Housing Federation of British Columbia (CHF BC) is the service and support association for housing cooperatives in the Province. The Federation membership formed the Vancouver Community Land Trust (CLT) Foundation to increase the supply of affordable cooperatives and to provide stewardship over this valuable housing resource for the long-term. A community land trust is a non-profit corporation that acquires and holds land for the benefit of the community and provides permanently affordable housing.

In Vancouver, the cooperative housing sector is the sponsor of a unique, cooperative variation on the land trust model. The Vancouver CLT has an expansionist vision for creating more affordable housing and has partnered with other not-for-profit developers to meet shelter needs, along the continuum of housing. Currently, the CLT has taken the lead in a four-site development partnership with 358 units under construction. In addition to the 278-unit Fraserview Cooperative, the CLT initiative will also develop 32 units of townhome rentals for low-income families operated by the non-profit Tikva Housing Society and 48 one-bedroom units primarily for persons with mental illness managed by Sanford Housing Society, another Vancouver non-profit housing services provider. To make the "numbers" work, the city of Vancouver has provided a 99-year lease at \$10 to the Vancouver CLT for land valued at more than \$25 million. In addition, commercial space will be sold to reduce the costs of the affordable housing under development. Upon completion, the Foundation and the two other non-profit sponsors are responsible for management oversight and stewardship of these affordable housing resources for decades to come.

The CLT model demonstrates that 'power' of cooperation among cooperatives and its vision for a greater cooperative housing movement. Through partnerships with other non-profits, the cooperatives and the land trust also fulfill the cooperative principal of concern for community.

In the United States, all eyes should be trained on this cooperative housing innovation. Hopefully, social entrepreneurs will dig into what makes cooperative housing work in Canada and follow the lead of our neighbors. [CHQ](#)



David Freed is a cooperative housing evangelist, community land trust catalyst and permanent affordable housing champion based in the Greater Philadelphia Area.

NEW MEMBERS



A big welcome to the new members who joined NAHC in 2016.

Cooperatives:

Calvert Court Company is 32-unit market-rate cooperative located in Baltimore, Md. in a Beaux Arts area. This historic 1915 building is near downtown.

Michigan Shores Cooperative is situated on 19-wooded acres on a ridge overlooking Lake Michigan in Frankfort, Mich. The cooperative has 54 one- and two-bedroom units for adults ages 55 and older.

Stewart Crest Cooperative Association is an eight-unit cooperative in Seattle, Wash.

Hill Homes Housing Cooperatives of Springfield, Mass. was founded in 1972 and has 64 units.

Individuals:

Nick Roby resides in Riverside, Calif.

Nancy Adadow Gray lives in Frankfort, Mich.

Noel Mazade is from Chapel Hill, N.C.

COOPERATIONS

[continued from page 9]

the units to his tenants so he could gain advantage of real estate homeowners tax exemptions. The developer was successful because he satisfied the definition of a housing cooperative under Iowa law, made by uninformed legislators. That definition ignored the primary purpose of a cooperative is to use its assets for the benefit of its member/shareholders and not for investment purposes. By contrast, Illinois law provides that the cooperative homestead exemption is available only to the extent dwelling units are occupied by member/shareholders.

The test of members'/shareholders' control over the cooperative's assets would be determined if the members'/shareholders' vote is required for the sale of the assets and the dissolution of the cooperative corporation. In a leasing cooperative, it would be the requirement for the members'/shareholders to vote on termination or renewal of the lease of the residential property. [CHQ](#)



Herbert Fisher, a recipient of the Jerry Voorhis Award, was a NAHC board member for about 48 years, President for 4 years and Board Chair for 13 years, is a retired housing cooperative attorney and a current non board member of a few NAHC committees.



BOARD TRAINING SEMINAR

ROLES, RISKS & REWARDS

The 3Rs for Cooperative Boards

Roles, Risks and Rewards—The 3Rs for Cooperative Boards is a six-hour, in-person, seminar that will build your cooperative knowledge and show you how to work together as a board. The 3Rs seminar assists board members in developing excellence in governance right at their own cooperative!

Who should participate?

Housing cooperative board members, management and anyone interested in cooperative governance.

Download the information sheet and complete the application available on the NAHC website. Contact the NAHC office with any questions via info@nahc.coop or phone at 202.727.0797.



NEWS FROM ALL OVER



At a February reception on Capitol Hill, Reps. Ed Royce, left, and Mark Pocan pledged the Congressional Cooperative Business Caucus' continued advocacy on issues affecting cooperatives from potential tax reform to international development.

Save the Date: Co-op Festival coming September 30 – October 1, 2017

NCBA CLUSA'S inaugural Co-op Festival will be held September 30 – October 1, 2017 on the grounds of the National Mall in Washington, D.C.—an unprecedented opportunity to amplify the economic impact, diversity and sustainability of a business model 70 percent of consumers say they already trust.

Designed to kick off Co-op Month, this two-day public awareness event will feature live music, high-profile speakers, games, giveaways and interactive booths to engage a potential audience of 65,000+ people on the National Mall.

The event will also serve as a visual reminder of the success and diversity of the cooperative business model to elected officials in the nation's capital. [CHQ](#)



COOPERATIVE DEVELOPMENT & PRESERVATION



Brooklyn Cooperative votes to Remain Affordable

MEMBERS OF St. James Place Towers, a 326-unit limited equity cooperative developed under the Mitchell-Lama program in New York, has voted to remain as a limited equity cooperative. The Mitchell-Lama program provided a low-interest 40-year mortgage and property tax relief. Once the mortgage is paid off, the cooperative can go market rate or convert to a condominium, but doing so would end the property tax abatement and raise monthly carrying charges, which in turn could cause displacement of members with modest incomes.

New York City provides a three-step process for conversion of Mitchell-Lama cooperatives. First, the owners must vote to approve preparation of a feasibility study. St. James Place Towers members did that in November. The second step is a vote to file a conversion plan with the state Attorney General. If that vote is successful, then a third vote is taken after the plan is filed. St. James cooperators voted against the second step in February, so the third step was moot. All three votes require approval of two-thirds of the members. [CHQ](#)

St. James Place Towers is a Mitchell-Lama cooperative located in Brooklyn.

MEMBER ASSOCIATION NEWS

California Association of Housing Cooperatives (CAHC)

NAHC President Greg Carlson will speak about the tax implications of sanctuary cities at CAHC's town hall meeting on May 4, 2017 at the African American Arts and Complex in San Francisco.

CSI Support & Development Services

CSI Support & Development received the prestigious 2016 Vanguard Award for new construction, under 100 units. The National Affordable Housing Management Association (NAHMA) presented CSI Support & Development Services with this annual Affordable Housing Vanguard Award. The award recognizes newly developed or significantly rehabbed affordable multifamily housing communities that showcase high-quality design and resourceful financing.

Wabash Estates Co-op was developed in response to the tremendous need for safe, quality, affordable senior housing in the Grove Park/Arlington neighborhood of Baltimore, Md. The project, consisting of 57 units, was funded with a Department of Housing and Urban Development (HUD) Section 202 Capital Advance, a HUD predevelopment grant and a three-year Project Rental Assistance Contract.

The construction of Wabash Estates Co-op demonstrates how affordable housing can be assets to their communities. Vanguard Award winners deliver proof that affordable housing done well can transform neighborhoods as well as the lives of individual residents.

Additionally, the Affordable Housing Finance (AHF) listed CSI as one of the nation's top 50 affordable housing owners. AHF is the affordable housing industry's trusted source for the latest advances in financing, building, and operating low-income housing.

CSI also filled their vacancy on the NAHC Board of Directors with Mary Ann Ruff of Detroit, Mich.

The CSI regional management conferences will take place throughout the month of August. The Maryland conference will convene in Annapolis on August 8-10; Massachusetts on August 9-10, location to be determined; California at the Pacific Palms on August 15-17; and Michigan at the Troy Marriott on August 23-25. NAHC members can attend the regional meetings for a special membership fee. Please contact Peter Lillie, education coordinator, at peter.lillie@csi.coop or 586/753-9015.

Federation of New York Housing Cooperatives and Condominiums (Federation)

THE FEDERATION has been active on the city level with numerous legislative and regulatory initiatives.

The Federation also works with our sister organization the Council of New York Cooperatives and Condominiums (CNYC):

- ▶ Jointly conducted several "Basic Co-op 101" courses for cooperative board members;
- ▶ In New York State and City, the Federation and CNYC are fighting for reverse mortgages for seniors in cooperatives and for defending the rights of cooperatives and their boards.

- ▶ On March 14, 2017, the Federation and CNYC co-sponsored an "Issues Breakfast" for our professionals in which they discussed local and NAHC issues.

The Federation, along with Phipps Housing Services, a not for profit owner, developer and management company, continues to work with the NYC Housing Authority to preserve a 475-unit affordable cooperative in which the agreement between the cooperative and the city is expiring. The cooperative will be a Housing Development Fund Corporation (HDFC).

The Federation is exploring ways to expand its website viewership. The Federation's website has been routinely updated with topical information for our membership.

Continued on page 18 >



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Midwest Association of Housing Cooperatives (MAHC)

COURSES for the MAHC annual conference scheduled for May 21-24, 2017 at the Crystal Gateway Marriott in Arlington, Va., are organized by topic: Financial Considerations for Cooperatives; Cooperative Governance Issues; Cooperative Planning and Marketing; Improving Your Operations; Legal and Ethical Issues; and Cooperative Basics.

On May 20-21, members may also take the Certified Cooperative Director (CCD) and Certified Cooperative Manager (CCM) courses. The CCD, developed for board of directors members, committee members, and/or members of cooperatives, covers the history of cooperatives, corporate law to ethics in the board room. Additional topics include budgets, audits, financial components, marketing and managing of the cooperative. The CCM, designed for managers and assistant managers of cooperative housing, comprises fair housing, ethics, legal structure of cooperatives, policy making, decision making, financial integrity and battling renter mentality in today's cooperatives.

New Jersey Federation of Housing Cooperatives (Federation)

BLONNIE WATSON led a Federation training session on Workplace: Overview of Cooperative Documents (Part 2) April 1, 2017, at the Clubhouse in Newark, N.J.

Potomac Association of Housing Cooperatives (PAHC)

PAHC began its membership drive in November, soliciting cooperatives to join PAHC. The Board is finalizing details for the PAHC 2017 Annual Conference, which will be held at the Dover Downs Hotel & Casino, in Dover, Del. on April 27-29, 2017. The meet-n-greet will be on Thursday, April 27 at 6:30-8:30 p.m. Conference workshops will include New Board Training, Site Manager and Customer Services, HVAC Maintenance, Emergency Ready Preparedness, Understanding Financial Statements, President/Vice President Roundtable and Fair Housing. The keynote speaker for is Delegate Antonio Hayes, Maryland House of Delegates. The Annual Membership Meeting will follow training. The conference will end with a dinner-dance on Saturday night; the dinner-dance theme is the "Roaring 20's".

PAHC has received several requests from cooperatives for training for their Board and members.

PAHC has decided against the Marriott Hotel in Myrtle Beach as the 2018 Conference site. The two top locations are Virginia Beach, Va. and Ocean City, Md. and the hotel choices are Ramada Hotel on the Beach in Virginia Beach and the Holiday Inn and Clarion Hotel, Ocean City. The Program/Education Committee will present its final recommendation to the board. [CHQ](#)

THE RCM PROGRAM



The Registered Cooperative Managers (RCM) Program builds upon the work of cooperative housing management and helps the profession achieve ever-increasing higher professional standards, expectations, and rewards. The designation is awarded to managers who meet the RCM standards of excellence, understanding, and achievement in the area of cooperative housing management following participation in a series of courses, then pass certification exams. RCM course topics provide exciting insight into housing cooperatives and help develop skills necessary for a successful career in management. The courses refine the understanding of housing cooperatives, renewed dedication to the principles of cooperative housing, codify the ethics of cooperative housing management, and improve housing management practices.

The Registered Cooperative Manager Certification Program is the only nationally-recognized designation and certification specializing in Cooperative Management recognized by the Registered in Apartment Managers (RAM program). RCM is a sought-after professional designation for cooperative housing managers. You can find the application and more information on www.coophousing.org.

Understanding HUD and the Budget Process

By Judy Sullivan

THE DEPARTMENT OF HOUSING and Urban Development (HUD) is currently operating with funding under a Continuing Resolution (CR) that expires April 28, 2017. The federal government operates under a Fiscal Year (FY) which lasts from October 1 to September 30, of the following year. However, Congress did not approve a budget for the current FY, and in order to avoid a government shutdown, it has passed a series of CRs with the current CR expiring this April. When the government operates under a CR, funding continues at the previous FY levels (By the way, all other federal departments are also currently operating under a CR).

Every year, usually in February, the president submits a budget to Congress. This is the starting point for the budget process because Congress uses the president's budget to begin its budget deliberations.

According to the Blueprint document the Trump Administration submitted, the president is considering cuts to the HUD budget in order to increase defense spending. The president's 2018 budget requests \$40.7 billion in gross discretionary funding for HUD, a \$6.2 billion or, 13.2 percent decrease from the 2017 annualized CR level.

Following, are some of the programs impacted:

- ▶ The Community Development Block Grant Program (CDBG), which has enjoyed bipartisan support in Congress, is budgeted to receive \$3 billion this fiscal year; yet, the proposal would cut those funds entirely for the future. By eliminating block grants for community development and housing production, states lose their ability to address pressing needs such as cleaning up struggling neighborhoods;
- ▶ Housing for the elderly — known as the Section 202 program — would be cut by \$42 million, nearly 10 percent; and
- ▶ There is a huge capital needs backlog (close to \$40 billion and growing at a rate of \$4.3 billion per year). Unfortunately, the proposed budget cuts the resources needed to repair and rehabilitate HUD developments. These cuts mean that despite the billions of dollars invested over decades, HUD properties fall further into disrepair.

How Does the Federal Government Create a Budget?

There are five key steps in the federal budget process:

Step 1: The President Submits a Budget Request

The president sends a budget request to Congress each February for the coming fiscal year, which begins on October 1.

Step 2: The House and Senate Pass Budget Resolutions

After the president submits his or her budget request, the House Committee on the Budget and the Senate Committee on the Budget each write and vote on their own budget resolutions.

Step 3: House and Senate Subcommittees "Markup" Appropriation Bills

The Appropriations Committees in both the House and the Senate are responsible for determining the precise levels of budget authority or allowed spending for all discretionary programs.

Step 4: The House and Senate Vote on Appropriations Bills and Reconcile Differences

The full House and Senate then debate and vote on appropriations bills from each of the 12 subcommittees.

Step 5: The President Signs Each Appropriations Bill and the Budget Becomes Law

The president must sign each appropriations bill after it has passed Congress for the bill to become law. When the president has signed all 12 appropriations bills, the budget process is complete. But rarely is work finished on all bills by October 1.

(From: www.nationalpriorities.org/budget-basics/federal-budget-101/federal-budget-process)

How can you weigh in on the HUD Budget?

Deep cuts to the HUD budget are expected this year. It's not too early to contact your members of Congress to urge them to tell Budget Committee members how important HUD funding is to you and your cooperative. The timing is perfect as the budget process is just beginning. Call them today![CHQ](#)

The following are links to locate key members of congress:

- ▶ Find your senators and representatives at USA.gov
- ▶ [House Congressional Budget Committee Members](#)
- ▶ [Senate Congressional Budget Committee Members](#)



COOPERATIVE CALENDAR

APRIL

27–29 PAHC's 41th Annual Conference; Dover Downs Hotel & Casino, Dover, Del.

MAY

2–4 NCBA CLUSA Annual Business Meeting and Annual Cooperatives Conference, Washington, D.C.

3 Cooperative Development Foundation Cooperative Hall of Fame and Issues Forum; National Press Club, Washington, D.C.

4–5 RCM Training, NAHC Office, Washington, D.C.

5 National Cooperative Bank Annual Meeting and Reception; The Arthur M. Sackler Gallery of Art, Washington, D.C.

20–21 MAHC's Certified Cooperative Director and Certified Cooperative Manager courses; Crystal Gateway Marriott, Arlington, Va.

21–24 MAHC's Annual Conference; Crystal Gateway Marriott, Arlington, Va.

JUNE

7–10 CHF Canada Annual Meeting/General Meeting, Niagara Falls, Ontario, Canada

22–25 Cooperative Housing International, Liverpool, England

JULY

21–22 NAHC Board of Directors Meeting; InterContinental Hotel; Chicago, Ill.

AUGUST

8–10 CSI & Support Services Maryland Regional Management Conferences; Annapolis

9–10 CSI & Support Services Massachusetts Regional Management Conferences; To be announced

15–17 CSI & Support Services California Regional Management Conferences; Pacific Palms

23–25 CSI & Support Services Michigan Regional Management Conferences; Troy Marriott

SEPTEMBER

30 – October 1 NCBA CLUSA's inaugural Co-op Festival; National Mall; Washington, D.C.

OCTOBER IS CO-OP MONTH

4–6 NCBA CLUSA 2017 Co-op Impact Conference; Hilton Alexandria Old Town; Alexandria, Va.

23 RCM Training; Westin Riverwalk Hotel; San Antonio, Texas

24 RCM Ethical Practices; Westin Riverwalk Hotel; San Antonio, Texas

25–28 NAHC's 57th Annual Conference; Westin Riverwalk Hotel; San Antonio, Texas

