

## **Report from CVCHA**

CVCHA has helped more than a dozen “troubled” members and prospective members in recent years. We define as “troubled” those long established cooperatives that are now experiencing serious difficulties. Here are some examples of what we have done.

In 2003 a former president of a 36 unit limited equity townhouse cooperative organized in the 1970s called the NAHC office in Washington asking for help and was referred to us. Phone calls to other members confirmed that its management was not familiar with cooperatives and was not providing economical or effective services. While four men were on the co-op payroll, there was a lot of deferred maintenance and the property had failed two annual REAC inspections. There was little member interest and only two Board members were elected.

Our immediate response included arranging for a series of weekly meetings open to all interested members to explain what their rights and obligations were.

We obtained, copied and handed out long forgotten co-op documents including the Deed proving the Cooperative owned the property and the Articles of Incorporation showing that members were the shareholders of the Cooperative Corporation. When we had enough member interest, our probono co-op attorney drew up a petition calling for a Special Membership Meeting based on procedures spelled out in the By-Laws. It was quickly signed by more than the necessary 20% of the members. The Co-op’s Board ignored it. So we drew up a second petition calling and setting a date for a Special Membership Meeting to elect board members to fill the “vacant” three seats and replace the two elected Board members. Concerned members secured signatures on this petition from more than 50% of the membership, and also got proxies from members who said they could not attend the Special Meeting. We obtained a key for a long vacant apartment and the Meeting was duly held on the co-op premises. By common consent, one of us chaired the meeting. With more than a majority of the co-op members present in person or by proxy, an entire new Board was elected. The results of the election were immediately filed with the mortgagee and others concerned, together with a letter from our probono legal Counsel.

Management, realizing what was happening, and probably aware of the consequences of failed REAC inspections, gave 30 days Notice that they would leave on December 31, 2003. We then gave the new Board names and addresses of three “co-op friendly” management agents serving other co-ops nearby. The new Board accepted one and new management took over on January 1, 2004. With growing member participation the cooperative has made several good moves including scheduling a “3R” board training workshop. It’s fair to say this co-op is no longer “troubled”.

Since 2004 we have taken on several more cases. In one situation involving a HUD BMIR co-op with nearly one hundred dwelling units, the Board's officers and legal counsel refused to recognize a new Board elected by the same procedures outlined above. Eventually, meetings held under the auspices of the local Congresswoman with HUD officials present convinced legal counsel for the old Board that his client was not acting responsibly. This helped a changeover to a new Board prepared to support an essential \$100 "across the board" increase in carrying charges to pay a huge increase in central gas heating bills, and take other actions vital to avoid imminent foreclosure.

Another situation involved a co-op that had paid off its Section 213 insured mortgage a few years ago, then amended its bylaws to concentrate all control in its then Board and moved to self-management by Board members who were "compensated" for their efforts.. When other co-op members were unable to get basic financial information or answers to questions, one of them got in touch with us. In a few weeks new board Members were elected and necessary changes instituted.

In all these situations, we as officers and directors of CVCHA emphasize that we are available to help as volunteers and are not seeking management, compensation or consultant contracts. We believe in the basic NAHC cooperative principles and standards which are included in our CVCHA By-Laws! We do suggest membership in CVCHA which automatically includes membership in the NAHC as a way to assure continuing support by CVCHA and NAHC, but we don't insist on it. If a change in management seems appropriate, we have a policy of suggesting three or more established "co-op friendly" managers. We have a more detailed report on this work available on request.