



COOP CONVERSION & GOVERNANCE

A Process for Conversion From Rental to
Limited Equity Cooperative

Presented By Mi Casa Inc in conjunction with
the Law Offices of Eisen and Rome, P.C.



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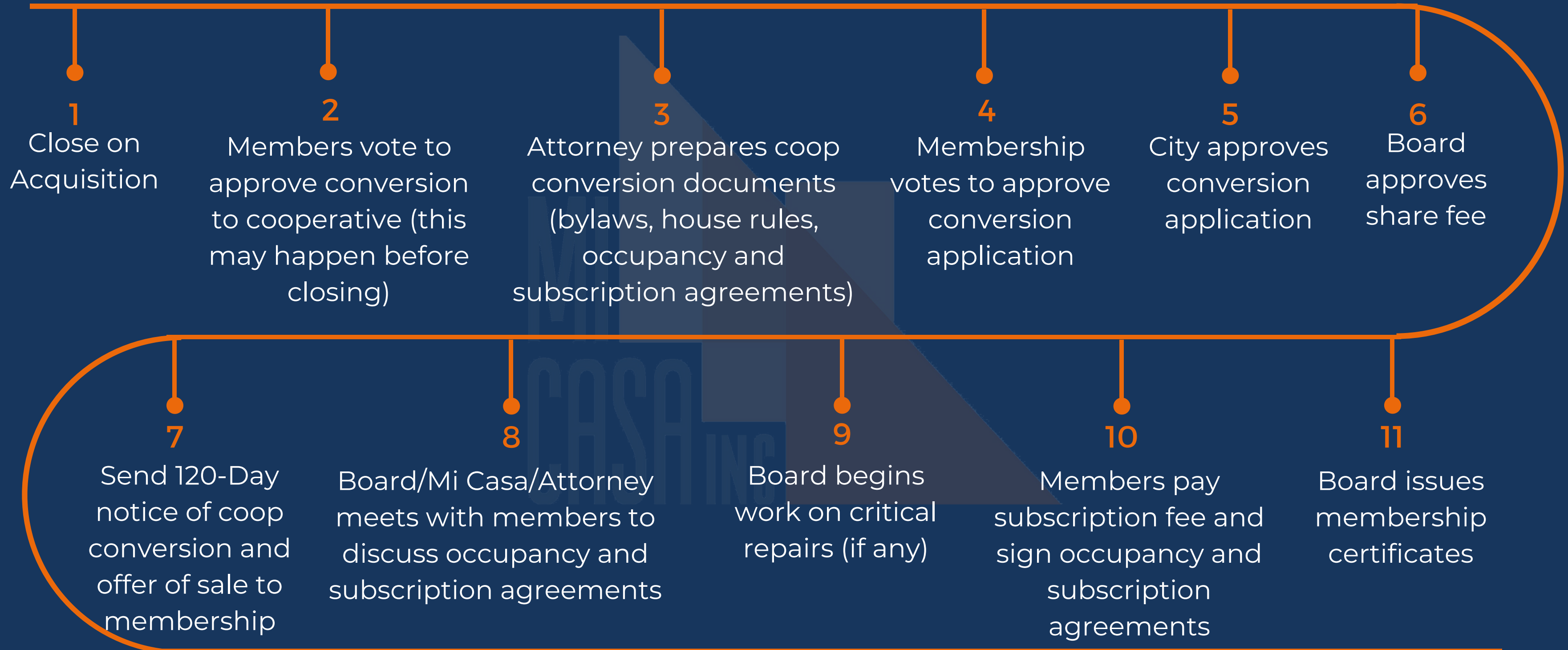
Legal Disclaimer

All of the advice given in this presentation is based on a typical cooperative's experience.

Your own experience may be different based on the unique situations of your cooperative.

Nothing in this presentation should be taken as legal advice. For legal advice please consult with your attorney and for specific advice on your cooperative please consult with your Mi Casa project manager.

Timeline



COOPERATIVE GOVERNING DOCUMENTS

1

Articles of Incorporation

2

Bylaws

3

Occupancy Agreement

4

Membership Certificate

5

Subscription Agreement

ARTICLES OF INCORPORATION

1

Filed with State of Incorporation (DC, MD, Delaware or any other state)

2

MD and Delaware Incorporations: Membership termination can be done by a vote of the Board only

3

DC Incorporations: Membership termination can be done only by a membership vote.

BYLAWS

Bylaws are like the constitution of the Coop. The Bylaws govern:

- 1 Process for becoming a Member
- 2 Elections and Powers of Directors and Officers
- 3 Membership Meeting Requirements
- 4 Leasing Policy
- 5 Authority for signing documents
- 6 Process for buying, selling and terminating Members

OCCUPANCY AGREEMENT

Is like a lease and is sometimes called a proprietary lease. It covers among other aspects:

1

Amount of monthly carrying charges

2

Deadline for payment and late fees

3

Maintenance and repair rights and obligations

4

Utilities

5

Term and termination process

MEMBERSHIP CERTIFICATE

A membership certificate is the evidence of ownership of a Membership in a Cooperative

1

It is also called a share certificate

2

It reflects the owner as an individual or as joint owners with the form of joint ownership

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SO, YOU'VE FINISHED
CONVERSION NOW WHAT?

RESPONSIBILITIES

Board

- Interview New Members/Candidates to Join the Cooperative
- Oversee Regular Maintenance
- Facilitate Regular Member and Board Meetings during the year
- Pay Bills on Time including Property Tax
- Manage the Management Company
- Oversee any Rehab/Construction work
- Meet Reporting Deadlines and Comply with DHCD, DCRA and Private Lenders
- Uphold and enforce bylaws
- Hold regular elections
- Oversee the financials of the coop
- Act in good faith and in the best interest of all members of the coop

Members

- Follow By-laws and Maintain Good Standing of Coop
- Pay Monthly Carrying Charges
- Attend Coop Meetings
- Participate in Decision Making through Elections
- Select Leadership Commit to participating as a member of the coop

WHO WILL
HELP YOU
ALONG
THE WAY

Mi Casa Development Consulting Team:

- Advises and assists coops through their whole life from formation through renovation
- Helps oversee architects and contractors
- Acquires financing for renovations
- Helps oversee financial reporting
- Interfaces with DHCD and necessary government officials
- Assists in selecting a management company.
- Assists with budgeting
- Provide ongoing regular training for board and membership
- Upon request provide asset management and technical assistance

WHO WILL HELP YOU ALONG THE WAY

Management Company

- Markets the units and finds new potential members for coop approval
- Oversees day to day maintenance
- Manages the coop's financials and accounting
- Collects carrying charges
- Makes minor repairs
- Reports monthly to the board
- Maintains up to date records for external reporting
- Provide internal reports on delinquency and finances
- Manages leases and paperwork
- Ensures compliance with government regulations (such as fair housing requirements)
- Enforce house rules and occupancy requirements

WHO WILL
HELP YOU
ALONG
THE WAY

Your Attorney

- Prepare legal paperwork
- Answer questions
- Provide legal advice
- Draft documents
- Review contracts
- Advise on loans
- Assist with conversion

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BENEFITS

Accessibility

Since LEC properties are owned by a not-for-profit corporation, cooperative members are not personally responsible for paying off the properties' mortgage, making it easier for those who struggle to qualify for individual mortgages to still achieve homeownership.

Affordability

LECs are among the most affordable types of affordable housing. LECs have access to public funding which helps to maintain carrying charges at rates affordable to the membership.

Long-term Affordability

Because LECs limit the amount of equity an individual can earn on the resell of their share, units in cooperative properties remain affordable for long periods of time.

Stability

The cooperative housing structure limits motivation for monthly charge increases ensuring that increases will be in proper accordance with increases in operating costs in comparison to the drastic rent hikes that can occur in rental housing.

Control

As owners, cooperative members can influence the decision-making process on important choices about the way in which their building is managed, the services for which the services that are available to them.