

NEWS YOU CAN USE – 5/2003

We heard that one speaker at the recent NAHC Conference said that the Board of a Cooperative can unilaterally amend the Articles of Incorporation. This is not correct information. Make sure you consult with your Cooperative Attorney if you are contemplating modifying your governing documents. And if we can help, please call.

Alarming discovery! In doing some searches of the State website, we noted that some cooperatives have neglected to keep their corporate status intact. If the board or management agent fails to file the Michigan Annual Report form, in two years the corporation will become “inactive” as far as the State is concerned. There are some serious problems with such an occurrence: first, someone else can pick up that name and legitimately use it - and how embarrassing that would be. Imagine explaining to your membership that someone dropped the ball and now you have to change the name of your cooperative because you have lost the legal right to use it! This means your articles, bylaws, occupancy agreement and everything else would need to be redone.

The second legal problem is that if your corporate charter is revoked and there is a lawsuit against the cooperative, it would be treated as an unincorporated association with each and every member liable for any jury award. Should that occur, look for board and management to be sued by the members for indemnification.

There is good news. If you find your cooperative in this situation and hurry to correct it before anyone discovers it, you should be alright. But you need to stay on top of this, and make it part of your annual checklist. Should you need help with it, we will be pleased to assist.

The Detroit Office of HUD has asked for our input on revisions to the manual utilized by all of its offices across the country. This is an opportunity for you to send us your thoughts on the subject and we will be pleased to advance any ideas that we can endorse as supportive of cooperative housing.

A federal court in Pennsylvania has ruled that Philadelphia’s ordinance denying trash removal to coops is unconstitutional. The city plans to appeal.

Randall Penttiuk has been appointed once again to serve on the Board of Directors of the National Association of Housing Cooperatives. He also serves on the Midwest Association’s Board of Directors, and has been appointed as the Michigan Vice President this year.

Williamsburg Cooperative in St. Clair Shores held a special membership meeting at which time the members overwhelmingly voted to remain a cooperative instead of converting to a condominium, and to revamp its governing documents to move it from a limited equity to market rate cooperative. A

transition committee had been empanelled by the Williamsburg Board some four years ago, which did the ground work for this momentous decision.