

A Michigan Law Primer for New Cooperative Board Members  
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Welcome Aboard!

Congratulations on being elected to serve on the Board of Directors of your Cooperative. The mere fact that you were selected by your fellow Cooperative Members speaks well of your character and should be a source of pride to you and your family. You are now entrusted with the responsibility of leading a corporation worth millions of dollars. Beyond the economics, though, is a whole lot more. You now have the awesome duty to care for the welfare of the Members and their families, who depend on you to make the right decisions. After all, this Cooperative is their home. This is where they live and sleep, and raise families. Many look forward to making this their residence for the rest of their lives. They have invested their hard earned dollars in this place, and deserve to have it protected and preserved. Indeed, the quality of their lives now rest with you.

Even more staggering than all of the foregoing is your duty to carry on the tradition of a way of life and philosophy known as the Cooperative movement. This form of home ownership did not happen by accident: it was deliberately conceived as a conscious effort to create a special sense of community and cooperation among people seeking to meet one of life's most basic needs - having a home. Through the years, it found its way into the National Housing Act as Congress determined that it was a special and important form of home ownership that ought to be fostered and encouraged. Thus, a national policy was created to encourage its development, and the United States Department of Housing and Urban Development ("HUD") was given charge to create programs to promote it.

Consequently, a number of Cooperatives were formed throughout the country, supported by low interest mortgages insured and backed by HUD. Many were built to provide homes for low and moderate income families, with support of federal funds. A whole regulatory scheme was adopted to oversee these fledgling new Cooperatives.

You now are elected to carry on the way of life and home ownership known as the Cooperative. In doing so, you help fulfill the dream of those who preceded you on your Board and those who labored in the housing field to make this a reality. You help create a community for families; a common bond that unites them; and a democrat form of home ownership which ensures a safe and secure environment.

As you begin your new role as a Director on the Cooperative's Board, this primer attempts to give you the essential tools to do your job well. The goal here is to get you started with the basics as well as pointing you in the direction where you can learn more. Realize, though, that this is just the first step in equipping you to be an effective leader that can be proud of your service to your community.

This Primer is intended to point you in the right direction and give you some pointers that

you might not otherwise get in your early days as a Board member. It does not pretend to replace other resources, including those discussed later on in this Primer. Your fellow Directors, especially those who have some seniority, can be great mentors - assuming they have been doing things correctly. Your Management Agent, the Cooperative's Attorney and the Auditor can help you understand things within their respective disciplines.

And note that this Primer is not intended, nor should it be used, as legal advice. You need to consult with your Cooperative's own attorney or hire a competent, experienced one. Each situation needs to be evaluated on its own facts, so avoid taking general information as necessarily applying to your particular facts. Know enough to get professional help.

This Primer is brought to you as a free service of the Michigan law firm of Pentiuik, Couvreur & Kobiljak, P.C., serving all the legal needs of Cooperatives throughout the State. Committed to the Cooperative movement, we welcome the opportunity to serve your Board. If we can help your Cooperative, please contact Randall Pentiuik at 734-281-7100 or [rpentiuk@pck-law.com](mailto:rpentiuk@pck-law.com).