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IN THE UNITED STATES



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Preface

After the end of World War II the severe housing shortage in this country led to an increased interest in cooperative housing as one means of solving the problem. This gave further impetus to a movement which began in the United States about a third of a century ago among people who held that by joining together in the purchase of land and the construction of houses they could obtain dwellings of good quality at less cost than those being provided in other ways. As things have worked out, some housing cooperatives have been outstandingly successful and have accomplished everything their sponsors hoped for. Others, however, have proved to be disappointing, either falling by the wayside or failing to attain the original objectives.

Although this pattern of success and failure in the housing cooperative field in the United States has long been known in a general way, no comprehensive study has ever been made to show the extent and nature of the movement. There has never been available a comprehensive assembly of data which could be used to ascertain the causes of success or failure among housing cooperatives. The present study is aimed at drawing together statistical material which may be useful for such analyses. It should suggest also profitable avenues for further research in this field.

In this connection, it should be pointed out that the present study was undertaken to assemble information which might help future consumer groups, planning to form cooperative housing associations, to avoid the pitfalls which have beset some of their predecessors. Consequently it would minimize the value of the study for its intended purpose if the findings also included the experience of housing associations which were originally organized by builders or real estate firms as a selling aid. Their exclusion from the study was not meant to imply, however, that such endeavors have not in many cases been highly successful from the standpoint of individuals who obtained housing in this fashion. In fact, the need for a companion study of the latter type of housing associations is readily apparent.

The study is the work of the Bureau of Labor Statistics of the United States Department of Labor, financed in part by the Division of Housing Research, Housing and Home Finance Agency.

The survey was under the direction of Florence E. Parker, the Bureau's Specialist on Cooperatives. She also participated in the field work, assisted by Charles J. Appleby, Donald J. Dowd, Joseph C. Furey, Robert P. Lane, Herbert H. Moede, and James E. Zenith — all on the Prices Staff of the Bureau.

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June 3, 1952

Contents

	Page
Preface	III
Chapter I.—Introduction and summary	1
Definition of terms	1
Scope of study	2
Summary of findings	3
Conclusions	5
Chapter II.—Characteristics of housing associations	9
Geographic distribution	9
Membership and income	10
Age of associations	10
Law of incorporation	11
Sponsorship of associations	11
Stages at which cooperation was used	12
Membership	13
Membership requirements	13
Voting	14
Membership make-up	14
Sources of new members	15
Family data	16
Chapter III.—The projects	18
Land purchase and characteristics	18
Project planning	19
Membership participation in planning	20
Size of project	20
Size of dwellings	26
Contracting by association	26
Chapter IV.—Cost and finances	27
Cost to association	27
Cost of land and its development	27
Cost of project, by item of expense	28
Total investment in project	29
Contract provisions	30
Self-help by members	30
Other sources of savings	33
Financing of projects	33
Sources of funds	33
Mortgage indebtedness	35
Mortgage insurance	37
Financial status	38
Cost to member	39
Entrance charges	39
Price of unit	40
Member's down payment	40
Carrying cost to member	41
Additional assessments	43
Method and period of amortization	44
What the member gets for his money	44
Land space	44
Construction characteristics	45
Cost of unit in relation to size	51
Maintenance and repairs	51
Evidence of ownership, and period of lease	53

Contents—Continued

	Page
Chapter V.—Internal arrangements	54
Exchange of equity	54
Withdrawal procedures	54
Protective measures	56
Community aspects	57
Chapter VI.—Relations with surrounding community	61
Chapter VII.—Cooperatives and the Federal Government	64
Cooperatives under National Housing Act	64
Mutuals and public housing projects	65
Sales procedures	65
Types of war housing purchasers	66
Disposal policies for war housing	66
Disposal of "greentown" projects	68
Chapter VIII.—Problems of cooperatives	69
Bylaw and legal problems	69
Acquisition of land	69
Building codes and zoning regulations	70
Installation of utilities	70
Relations with architects and contractors	71
Relations with labor	72
Self-help as a disadvantage	72
Problems of finance	73
Experience with lenders	73
Experience with insurers	74
Problem of time lag	75
Problem of rising costs	75
Membership problems	76
Operating problems	78
Special problems of mutuals	80
Other problems	81
Reasons for failure	81
Appendixes	83

TABLES

1. <i>Active cooperative housing associations and dissolved associations reported, by type and location, July 31, 1950</i>	10
2. <i>Number, membership, and business of cooperative housing associations, by status and type</i>	10
3. <i>Period in which housing associations were established</i>	11
4. <i>Laws under which housing associations incorporated</i>	11
5. <i>Extent of cooperation in housing associations</i>	12
6. <i>Income and size, in 1949, of family members of housing associations</i>	16
7. <i>Age of head of families in housing associations</i>	16
8. <i>Total acreage held by housing associations, and amount allocated for community purposes</i>	19
9. <i>Active housing associations holding classified acreage</i>	19
10. <i>Dwelling units and rooms planned and completed by housing associations</i> ...	22
11. <i>Number of dwelling units completed or under construction, by size of project and type of dwelling</i>	23
12. <i>Size of dwelling units completed or under construction by housing associations</i>	26
13. <i>Cost of land, before and after development, held by housing associations</i> ...	27
14. <i>Number of housing associations with specified land cost per acre before and after development</i>	28

TABLES—*Continued*

	Page
15. Cost of housing projects, by item	29
16. Number of housing projects with specified total cost	29
17. Total and average cost of housing projects	30
18. Sources of funds for purchase of land, construction, and down payment	34
19. Mortgage indebtedness of active housing associations	36
20. Interest rate, and year and period of mortgage in housing associations	36
21. Amounts of original mortgage indebtedness financed at specified interest rates	37
22. Assets and net worth of housing associations	39
23. Cost of joining housing associations, by amount required	40
24. Average down payment required, by amount and percent of total cost of unit..	41
25. Monthly cost of dwelling unit per member, in all-the-way cooperatives, by cost item and year	42
26. Monthly rentals in mutual associations, by size of dwelling unit	43
27. Number of associations building houses, by size of lot	45
28. Number of housing projects with specified density of dwelling units	45
29. Construction characteristics of dwellings in housing projects	50
30. Price per unit, and amount and cost of living space, in dwellings of housing associations	52
31. Number of housing projects, by type of community facilities provided	59
32. Number of permanent family-type dwelling units sold by PHA, by type of purchaser and program under which built, end of 1950	66
33. Standard financial terms for sale of permanent war housing to mutuals.....	68
34. Interval between formation of association and completion of first unit, and between first and last units	75
35. Membership fluctuations in housing associations	77

APPENDIXES

Appendix A.—Housing associations covered in study	83
Appendix B.—Documents and forms used by housing cooperatives	88
All-the-way cooperatives	88
Bylaws	88
Lease agreement	95
Co-ventures	99
Articles of incorporation	99
Bylaws	100
Membership agreement	108
Membership application and purchase agreement	109
Realty sale and building contract	111
Option agreement	113
Mutuals	115
Articles of association	115
Bylaws	116
Mutual ownership contract	122
Financial questionnaire	125
Bylaws of community council	127
Appendix C.—Information for new groups	130
Suggestions for starting a housing cooperative	130
Regulations and procedures under Section 213 of National Housing Act of 1950	130
Appendix D.—Experiences of a mutual	133

Cooperative Housing in the United States, 1949 and 1950

Chapter I.—Introduction and Summary

Cooperative housing has been known in the United States since at least as far back as 1916. It has not thus far attained great significance in relation to the total volume of residential building. Since the end of World War II, however, there have been increased cooperative activities in this field and widespread public interest, both stimulated by the severe housing shortage. Some legislative activity has also resulted, in the State legislatures as well as in the Congress of the United States.

To provide detailed information on the cooperative housing movement, a special study was undertaken by the Bureau of Labor Statistics, financed in part by the Division of Housing Research of the Housing and Home Finance Agency. The results are presented in this report.

Definition of Terms

In this survey, the housing associations were regarded as cooperative only if (1) the initiative for the project came from within the group to be housed, (2) the project was a nonprofit enterprise, the technical advisers of which (architect, attorney, contractor, etc.) either were employees of the association or donated their services, and (3) the policies of the organization were determined and controlled by the members from the beginning. The survey did not cover those "cooperatives" which were originally organized by builders or real-estate firms. In such cases the latter sell the apartments to individual buyers. These purchasers may later function as an association to operate the building (and may thereby eventually develop into a true cooperative), or the realtor may provide management for a stipulated fee. In projects of this kind, the initiative comes, not from the prospective homeowners, but from the businessman selling real estate. When the

present study was planned, it was designed to exclude such projects as these and to cover only those projects initiated by the group to be housed. Some of the associations covered had "sponsors," but no sponsored project was included if the sponsor stood to make a pecuniary gain from the association's activities.

The cooperatives included in this study were classified, in terms of the degree of cooperation involved, as either *co-ventures* or *all-the-way* cooperatives. In the *co-venture* association the members act collectively at one or several stages only (such as buying and developing the land, or even constructing the houses), whereupon the association goes out of business unless there are community facilities (water-distribution system, park or playground area, etc.) or other property owned in common by the entire membership. In the latter case the cooperative housing organization continues its existence in order to manage these facilities, or a new cooperative is formed for that purpose. In all of the *co-venture* associations, the individual member receives fee-simple title to his dwelling once it is completed.

In the *all-the-way* cooperative, the entire property—dwellings and any community facilities there may be—continues to be owned by the association. The member holds stock in the organization to the value of the particular unit he occupies, but never receives title to the dwelling. He does receive a leasehold for periods varying up to 99 years, or is given the right of "perpetual use." In the latter case this right is usually transferable and inheritable. In some associations—notably those owning and operating apartment buildings—the lease may be renewable at the end of a period of as little as 2½ years.

The terms "all-the-way cooperatives" and "co-ventures" are those recognized and in use in

the cooperative movement. Under the National Housing Act, the terms used to designate these two classes are "management" and "sales" cooperatives, respectively.

The cooperatives were also classified in this study, by type, as (1) associations building houses, (2) those building and/or operating apartment buildings, and (3) "mutuals." A house-building association may be either a co-venture or an all-the-way cooperative, depending on the extent to which the cooperative method is used. Most of the associations covered in the survey were co-ventures. All the apartment associations had adopted the all-the-way method, either because of the difficulty of giving individual title to an apartment, or because of belief in the genuinely cooperative method.

The "mutual" associations form a special group. In the United States this term is generally used to designate organizations formed to buy war housing built by the Federal Government. In the present report the "mutual" classification also includes two associations in the so-called "greentowns," one organization that had bought a subsistence housing project built by the Federal Government during the depression of the 1930's, and one buying housing built by the Government of Puerto Rico. A small number of co-venture associations also had the word "mutual" in their name but were not formed to buy Government-built housing; such associations are here classified as co-ventures because they operate as co-ventures rather than mutuals.

Some of the projects have involved varying amounts of "self-help," i.e., work by the members on preparation of the site, on construction of the dwelling, or on the inside finishing. In some cases members worked only on their own homes; in others they assisted other members as well (the latter procedure is here designated as the "exchange-of-labor" or "pooled-labor" method).

Scope of Study

In the course of its study of cooperatives over many years, the Bureau of Labor Statistics had compiled a comprehensive list of active and dissolved housing cooperatives. In this

study all of the associations on the list were first circularized by mail. This preliminary step provided certain basic information on the 155 housing associations in active operation in July 1950. By that time at least 41 additional associations had either been dissolved or were in process of dissolution.

From the above lists a carefully selected sample of 98 cooperatives was chosen for intensive interview, representing the various types of associations (both active and dissolved), by both size and geographic location.

The field-interview schedule was designed to provide information on the method of organization and the planned and actual size of the project; the number of dwellings and of rooms in units completed or under construction, and the construction materials and characteristics of these dwellings; the cost of land, utilities, professional service, financing fees, construction, and other items entering into the total cost of the project; the sales price per dwelling in relation to the amount of living space provided; the methods and sources of financing the land, construction, and long-term mortgage; and the problems related to all phases of the project. The investigators further obtained information on the history of the organization, its formation and sponsors, and information about the members, such as family income and size, and age of the family head. A preliminary field test of the schedule was made before the study itself was begun.

Every association in the selected sample was visited by a representative of the Bureau of Labor Statistics, who obtained from it detailed information on the points above listed. Many officers and members were interviewed in the course of the study, association records were opened to the investigator in many cases, and the project itself was visited. Where appropriate, visits were also made to the offices of the Federal Housing Administration, Reconstruction Finance Corporation, and private lending agencies.

Altogether, data were obtained from 165 associations. Of 133 active associations, 68 were visited. Of the 32 dissolved associations, 30 were visited. Eight of the latter had completed their project before dissolving; 24 had been

forced out of existence at various stages, either after completing a few dwellings or without reaching the construction stage.

The main emphasis in the study was on associations actively building dwellings within the past decade. A much smaller proportion of apartment cooperatives than any other types was covered by the field study, because the great majority of these completed their project many years ago. Since then their only activity has been the operation of the apartment units, and consequently they have little significance in recent provision for new housing. All of the known apartment associations engaged in construction in 1950 were visited by representatives of the Bureau of Labor Statistics.

All regions of the United States were represented in the study. The great majority of the associations were in the Middle Atlantic and East North Central areas where the largest proportions of the total groups were situated. Altogether, 29 States, the District of Columbia, and Puerto Rico were included. The apartment associations were mainly in the Middle Atlantic States, with New York (Greater New York City) having by far the greatest number. The co-ventures and mutuals were scattered throughout the country.

As regards insurance, the study covered operations prior to the authorization of mortgage insurance to cooperatives in the National Housing Act, the 2-year period after cooperatives were specifically included in that law, and a period of about 7 months under the new insurance program adopted in 1950.

Summary of Findings

The 165 associations included in the survey had a total of 24,253 members and were holding 10,397 acres of land. The planned projects of the active associations contemplated a total of 28,331 dwellings; those occupied or in process of completion at the time of the study numbered 20,525. In addition, the 8 dissolved associations with completed projects had built 965 of 969 dwellings planned, and 7 other dissolved associations had built 436 dwellings before being forced to quit.

Characteristics of associations: The largest group of housing cooperatives had incorporated

under the nonprofit act of their State; about half as many had organized under either the consumers' cooperative act or the regular corporation law.

Few groups had had any formal sponsorship outside the cooperative. For these few the sponsors included labor unions, veterans' organizations, and racial or religious bodies.

The cooperative membership consisted largely of families with incomes of \$2,000 to \$4,000 in 1949. Nearly two-thirds of the total were in this bracket. Less than a fifth were earning \$5,000 or over per year.

Cost of projects: Most of the associations building individual houses went into the outskirts to obtain the advantage of inexpensive land. In most cases the land was unimproved, and was subdivided and developed by the cooperative. Development expenses increased the cost by from \$152 to nearly \$1,600 per acre. The apartments were all in cities where sewer, water, and other utilities were conveniently available. The city land used by the apartment associations was much costlier per acre than that of the others, but generally less costly per dwelling unit because of the much greater density of dwellings on the tract.

The acquisition cost of the land to the association was less than \$1,000 an acre for nearly two-thirds of all the associations reporting. Even after all development costs (site and off-site) were included, the cost was less than \$1,000 an acre for about 40 percent of the associations, between \$1,000 and \$2,999 an acre for about 40 percent, and \$3,000 or more for approximately 20 percent.

Total costs of the projects studied ranged from less than \$25,000 to more than \$5,000,000. The relative distribution of expenditures for the various items involved in the housing projects varied greatly. Costs were reduced in many cases by the volunteer work of members and by savings made in various ways. Some groups had the advantage of special talents contributed by the members or even by nonmembers.

Financing and insurance: Members furnished nine-tenths of the money for the purchase of the land and over a fifth of that for construction. All the money for the down payment on the mortgage was supplied by the

members of the apartment associations and mutuals, and nearly three-tenths by the members of the all-the-way associations building houses. In the co-ventures the houses were built under individual financing arrangements concerning which the associations had no record.

Rates of interest paid ranged from 3 to 6 percent. Almost three-fourths of the associations were paying 4 percent or less. Mortgage periods ranged from 5 to 45 years. The associations with the 45-year period were mutuals.

For various reasons, few of the housing projects covered in the study had received FHA insurance.

Cost to member: On joining, the member usually paid a membership fee (in nearly half the associations the amount was \$50 or less), which was used to cover some of the initial expenses.

The cost per lot to the member ranged from less than \$100 to \$4,000. In the majority of cases it ranged from \$700 to \$1,200 (including cost of subdividing, putting in utilities, etc.).

Down payments on the dwellings averaged \$3,500 and \$3,640 in the associations building individual houses on the all-the-way and co-venture basis, respectively, \$251 in the mutuals, and \$390 per room in the apartment associations. The down payment in the reporting associations ranged from 5 to 40 percent of total cost, but in the majority of cases was about 10 percent.

For a 2-bedroom dwelling among the associations building detached houses, the price in the all-the-way associations ranged from \$7,000 to \$15,000, and among the co-ventures from \$5,000 (for a house built by self-help) to \$16,000. For an apartment of the same size the range was from \$1,000 (in a 25- to 30-year-old building) to \$12,600 in new construction. The mutuals—war housing—were the most moderate, costing from \$1,619 to \$3,655 for a 2-bedroom unit.

There was also a wide variation in the cost of houses in relation to living space, largely because of the presence or absence of costly community facilities. See table 30.

Construction characteristics: The average house was a one-story building of either frame

or combination masonry and wood. Items most commonly included in the dwelling price were floor and wall cabinets in the kitchen, hot-water heater, utility room, gas range, and sometimes a refrigerator. Hot-air and hot-water heat were the most popular types of heating, with either oil or gas for fuel. Comparatively few dwellings had either basements, porches, or garages.

The apartment buildings were usually of brick or other masonry; and ranged in height from 2 to 12 stories. The price usually included wall and floor cabinets in the kitchen, gas range, and automatic refrigerator. Hot water and heat were supplied, and also garbage-incinerator chutes on each floor and laundry facilities (usually in the basement). All of the postwar buildings (except one of two stories) had automatic elevators.

In the mutuals the buildings were one or two-story row or semidetached buildings of frame or masonry construction. The interiors were more cheaply finished than in any of the other types of associations. They provided minimum storage and cupboard space, a gas range, a small-to-medium refrigerator, and hot-water heater.

In almost all cases, outside maintenance, and structural and major interior and exterior repairs in the mutuals were carried on by the association. The member was expected to take care of interior redecoration and minor repairs, in addition to looking after his dooryard and garden space, if any.

Internal arrangements: The large all-the-way associations (such as the new organizations building apartments and the mutuals) generally have provisions whereby members may exchange their dwellings for others of larger or smaller size. This is one of the advantages of this type of association.

Should a member wish to withdraw from membership, a large proportion of the co-ventures provide that, for a specified period, the association must be given the first option on the member's dwelling. In the all-the-way associations of all types (houses, apartments, and mutuals) the cooperative owns the property to begin with, and it is to the association that the member must look for redemption of his

equity. In some cases, however, the member has the responsibility of finding a replacement acceptable to the cooperative's board of directors.

There is considerable variation in the formula on the basis of which the equity is to be redeemed.

Problems of cooperatives: The problems faced by the association studied were many and varied. In order of their importance and seriousness, they were:

(1) The matter of obtaining financing and insurance.

(2) The long periods of delay while the land was being sought and bought, while the types of housing that the members could pay for were being investigated, while the association was trying to overcome neighborhood opposition, while the lending agencies were being canvassed for financing, while a builder was being sought, and while the application for insurance was being considered and processed by FHA or VA, or both.

(3) The increases in the cost of materials, labor, and other aspects of housing that occurred while all the processes in (2) above were under way, and

(4) The loss of members resulting from (2) and (3) above, because they were either priced out of the market, had bought houses elsewhere as a result of immediate family needs, or lost confidence in the ability of the association to carry through its project.

Less serious problems were involved in organizing the association, finding suitable land at a reasonable price, overcoming or adjusting to zoning or building regulations, installing the necessary utilities on the site, and working out relationships with architect, contractor, and labor.

Conclusions

On the basis of the facts disclosed by the study, the following conclusions were reached:

1. Common interests among the members, in addition to the need for housing, are an advantage in holding the membership together while all the problems are being solved and in the conduct of the community afterwards.

2. Before starting a project, the association

should consider its all-round prospects of success, including such factors as the unfavorable effects of previous cooperative failures in the area, and the reaction of the community in which the project will be situated.

The reputation of cooperatives has suffered in some places because of the unsuccessful record of other housing groups. That record may have resulted from inefficient operation, inept public relations, avoidable mistakes, or other difficulties. It may have been due to a set of circumstances not controllable by the association. In either case the cause of cooperative housing has suffered in the eyes not only of the public but also of those agencies to which the cooperatives must look for financial and other help.

3. Cooperatives should confine themselves to a project of a size and type they are sure they can handle.

Although some of the apartment projects were large, relatively few of the associations building individual houses had been able to carry out an entire large-scale project. This may, however, have been simply the continued effect of two factors: (1) That single houses are always more expensive than multiple housing, and such projects can therefore expect to attract only persons in the relatively high-paid brackets; and (2) that the experience may have occurred during a period of unusual price increases, which still further narrowed the field from which new members could be expected.

Among the associations studied, the self-help groups were notable for their down-to-earth approach to their problems and their sober realization of what they could and could not afford. There were no failures among these associations.

Many associations have striven for the problematical savings claimed as inherent in large projects. Persons experienced in the building industry, however, point out that savings do not necessarily increase with size of project.

4. In acquiring land, advance consideration should be given to such matters as zoning regulations and the cost of utilities, roads, and other development items. A reasonable or even low original cost may be more than offset by

the cost of improvements; and zoning regulations may make it impossible for the cooperative to carry out the type of project planned.

5. There should be a definite understanding, in the beginning, as to the extent of members' participation in planning the total project and in the selection and variation of dwelling types and features.

Without exception the persons interviewed in housing projects seemed to be genuine believers in democratic methods. As a result of their housing experience, however, several had come to the conclusion that as a practical measure the participation of the members in the selection and modification of house plans should be limited. The tendency to demand individual variations from accepted plans was so great as partially to defeat the savings purpose of the cooperative methods, and raise costs considerably. This had been particularly true in the associations building individual houses; in the apartments, there was comparatively little opportunity for variations once the general plans had been adopted. Several leaders had come to the conclusion that a "steering group" or the initial group in the enterprise should decide on the general plans, and that prospective members should accept such plans as part of the membership requirements or not join. In any case, no changes in house plans should be allowed once the contract with the builder has been closed.

It might also be desirable, if the cooperative is financially able to do so, to build one or two sample houses. The members could then see how they looked (few people can visualize a house from blueprints), and could take them or not, just as when buying from a regular builder.

6. Cooperatives should recognize that they may face special difficulties in obtaining financing. These may result from the inexperience of lenders in dealing with them, from the unsatisfactory records of other housing cooperatives, or other factors.

If cooperatives prove themselves to be reliable mortgagors, some of their present difficulty in obtaining funds will gradually disappear. However, in view of the extremely small number of cooperatives in relation to other types

of builders, many years might be required to build up any widespread reputation of the kind deservedly enjoyed by one of their number—the Amalgamated Housing Corporation in New York City.

7. All-the-way cooperatives should make sure that their resources will be sufficient over the complete period of their mortgage or estimated project existence. A common mistake lies in setting the monthly charges too low and making insufficient provision for repairs, replacements, and reserves.

8. Cooperatives usually need practical assistance in planning their projects and in their technical problems.

Some of the projects proposed by groups studied in the survey were not practical. On the other hand, it appeared that some of them were in fact practical or could have been made so with a little revision. Some groups ran into difficulties because of insufficient advance investigation and planning. Many of the cooperatives' mistakes also arose from the inexperience of their officers and members in a most complex field. Housing involves a number of specialized talents, all of which cannot be expected to be available among the membership. Numerous errors disclosed in the course of the study could have been avoided had there been some central source of guidance.

The new insurance program inaugurated under Section 213 of the National Housing Act authorizes assistance on these matters, and some of the associations covered in the study had already benefited by it.

A central cooperative organization, similar to the central cooperative housing association, HSB, in Sweden, could also be of assistance to cooperatives in this and other ways.¹ It could provide (possibly on a cost-plus basis) technical, architectural, legal, and other services. It could make bond as contractor. It could obtain, and make available to local cooperatives, supervisory, building, and management personnel. Eventually, such an organiza-

¹ The National Association of Housing Cooperatives was formed in Washington, D. C., in 1950. Only time will tell whether this association can develop along the lines suggested above. A regional association was recently formed in New York City and has already given sponsorship to a new project.

tion might even undertake construction, although it might be questioned whether in a country the size of the United States this could be done efficiently on more than a regional basis.

The idea of one or more cooperatives composed of technicians in the housing field has also been advanced. At least one such organization to provide professional services was incorporated, but never actually functioned because of the outbreak of World War II. In no known case thus far has the plan come to fruition.²

9. Cooperatives should recognize that they will need funds for—

(a) Initial expenses. These include expenses of organization and incorporation (including attorney's fees), stationery, publicity, the search for and investigation of land, and money for option when it is found.

(b) Purchase of land. This, however, seemed to present comparatively little difficulty in the cooperatives surveyed.

(c) Development of land. Money from members or private loans can often take care of land development if not too much cost is involved in putting in utilities. Supplementary funds are needed if an independent sewer or water system has to be installed. A few associations were stalled at this point because they could not get financial aid for development.

(d) Construction financing. This appeared, in many cases, to be the most difficult problem. Many associations that obtained long-term loans easily were able to find construction money only with great difficulty. Some had to resort to the expedient of financing one or a few houses themselves and then mortgaging these for the construction of the next group. This method, however, forfeits any savings that could be made by larger-scale operation, and requires a long period for any substantial results.

(e) Long-term financing. Varying degrees of difficulty were experienced as to this. It was not too difficult to secure a long-term mortgage

loan in most cases, once an FHA insurance commitment was obtained. Lack of such insurance meant either the sacrifice of the cooperative method of operation or considerably higher down payments by the members, because only 60-80 percent mortgage coverage could be obtained.

At present, the conventional lending agencies are the major and practically only source of funds. Other possible sources might be (1) small amounts from labor unions, deposited in some central or regional organization, (2) loans from credit unions in those States permitting real-estate loans, (3) loans from insurance companies connected with the consumers' cooperative movement, or (4) governmental loans.

10. The housing cooperatives studied, though comparatively few in number, have certain definite accomplishments to their credit.

Some associations undoubtedly saved their members money by taking a tract of raw land and improving and subdividing it. In most cases in which data on prices of nearby lots were available, there had been a substantial saving. The apartments compared favorably in price and quality with those in the neighborhood. On the basis of the hundreds of cooperatively built and privately built houses that were examined, the former appeared to have an advantage in design and in quality rather than in price. There was no doubt as to the saving in the case of those built by self-help. Nearly all the dwellings visited had ample land space and an unusual amount of closet and storage space.

The all-the-way cooperatives reduced loan-service costs by acting as collection agency for the members' payments.³ By virtue of operating economies and the well-known pride of the home owner, maintenance costs were kept to a minimum. Blanket insurance reduced the cost of that item. The cooperatives could call upon members for volunteer work parties and for help in emergencies. The same advantages obtained to some extent in co-ventures where community facilities were owned in common.

The cooperative accomplishments were no-

² But a producers' cooperative to build houses has been in existence for several years in Seattle and has completed several groups of dwellings.

³ This was true of all these associations, mutuals and apartments, as well as those that built detached houses.

table particularly because (1) the leaders were almost invariably amateurs with little or no experience in housing; (2) these organizations represent a relatively little-known technique that has yet to be proved successful on any scale in most parts of the country; and (3) what they have done was achieved in spite of odds greater than those faced by regular

builders for whom FHA insurance was especially designed.

Housing cooperatives still have many problems to solve before this method of approach to the housing situation can become significant nationally. However, it is felt that they have made a creditable start and have good potentialities.

Chapter II.—Characteristics of Housing Associations

In most cases, the motivation for the formation of the housing association was the desperate postwar need for housing, a need felt especially by returning veterans with new families.

Among the mutuals, the chief activating factor was the desire of residents in war housing projects to retain moderately priced shelter in a very tight housing market. In some cases, the move toward formation of the cooperative started only when the project was advertised for sale by the Government; in a few, however, the mutuals had been in

existence for some years, often acting as agent for the operation of the project while it was federally owned.

Geographic Distribution

By July 1950 housing cooperatives were in operation in nearly every State. The greatest concentration was in the Middle Atlantic and North Central regions (table 1). The mutuals were rather evenly scattered, the co-ventures were quite largely found in the East North Central States, and four-fifths of the apartment associations were in Greater New York.

FIGURE 1.—Geographic distribution of housing cooperatives covered in study.

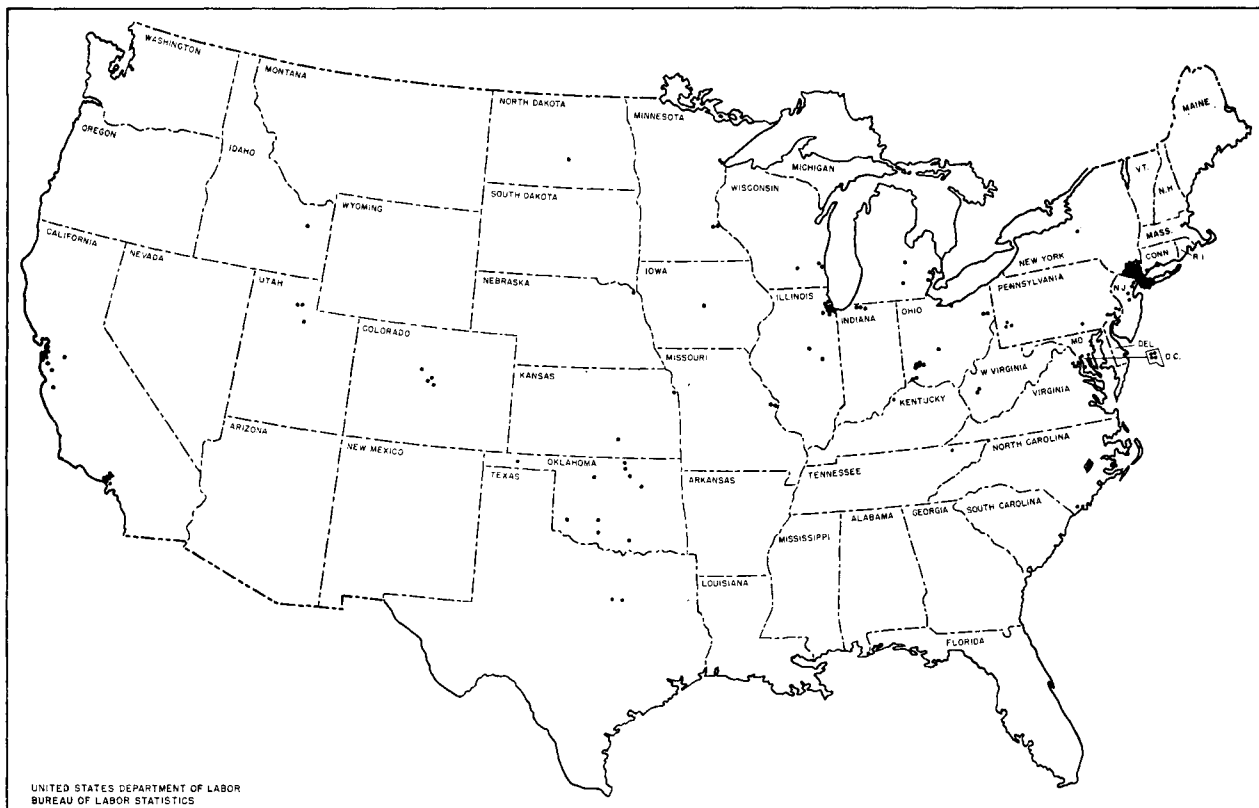


TABLE 1.—Active cooperative housing associations and dissolved associations, reported by type and location, July 31, 1950

Geographic division	Active associations ¹					Dissolved associations with—	
	Total known	Number reporting			Co-ventures	Project completed	Project not completed
		Total	Houses	Apartments			
New England.....	4	3			3		1
Middle Atlantic.....	55	50	3	36	7	4	6
East North Central.....	32	30	2	4	6	18	8
West North Central.....	8	7		3	3	1	1
South Atlantic.....	13	11			8	3	3
East South Central.....	4	2			1	1	
West South Central.....	13	7			2	5	
Mountain.....	9	8	1		3	4	
Pacific.....	14	13		2	2	9	5
Puerto Rico.....	3	2			1	1	
United States.....	155	133	6	45	33	49	24

¹ Includes associations in preconstruction stage.

Membership and Income

Of approximately 24,000 members in 1950 in the housing associations reporting in this survey, nearly 12,000 were in the mutual group (table 2). Apartment cooperatives had almost 4,800 members. The co-ventures accounted for nearly all of the rest. An income of over \$4 million was received by these associations in

1949, in payments on principal, interest, and maintenance.

Age of Associations

Most of the existing cooperative housing organizations were started after World War II (table 3). The apartment associations are by far the oldest group, many of them dating from during or just after World War I or from the 1920's when the housing situation was similar to that responsible for the present interest in cooperative housing. The oldest association covered in the survey is the earliest housing organization in this country, formed on a strictly cooperative basis, of which the Bureau of Labor Statistics has record. This group—Finnish Housing Association, "Alku," Brooklyn, N. Y.—was formed in 1916 and erected two buildings with a total of 30 apartments.

Among the 32 mutuals reporting as to year of formation, 23 were formed in the postwar period. The mutual group includes the 8 Federal projects built under the Lanham Act that were earmarked, at time of construction, for purchase by the residents after the war. In two cases the group that later formed the mutual

TABLE 2.—Number, membership, and business of cooperative housing associations, by status and type

Status and type of association	Total known associations	Total associations reporting		Membership, 1950			Business done, 1949 ¹	
		Number	Number of projects	Associations reporting	Total members	Average membership	Associations reporting	Amount
<i>Active</i>								
All-the-way cooperatives:								
Associations building houses:								
Construction stage reached.....	6	5	5	5	200	40	3	\$47,205
In preconstruction stage.....	1	1	1	1	60	60		
Apartment associations:								
Buildings completed or in construction.....	44	39	50	38	4,605	121	34	1,533,711
In preconstruction stage.....	6	6	6	2	191	96	1	18,450
Mutuals:								
With purchase contract.....	26	25	25	25	8,799	352	13	1,932,105
Without purchase contract.....	11	8	8	8	3,103	388		
Co-ventures:								
Building houses, construction stage reached:								
With community facilities.....								
Houses constructed by association.....	39	12	13	12	1,422	119	4	239,887
Houses not constructed by association.....		13	14	13	685	53	7	149,669
Without community facilities.....								
Houses constructed by association.....	22	5	5	5	270	54	2	114,330
Houses not constructed by association.....		3	3	3	49	16		
In preconstruction stage only.....		16	16	16	1,165	73	4	130,932
Total.....	155	133	146	128	20,549	161	68	4,166,289
<i>Dissolved</i>								
Co-ventures, project completed.....	8	8	8	6	828	136		
Co-ventures, project not completed:								
Some construction accomplished.....	33	7	7	7	21,682	240	2	12,515
No construction accomplished.....		17	17	17	21,194	70		
Total.....	41	32	32	30	3,704	123	2	12,515

¹Amount received in payments on principal, interest, and maintenance.²At end of association's existence.

association was instrumental in inducing the Government to build the housing project. In both of these, CIO unions gave moral or financial support in the formation of the cooperative. Six mutuals were started either prior to the building of the project or almost as soon as it was completed, even though purchase could not be carried out until the end of the war. Seven operated projects for the Government under a lease agreement providing for eventual purchase by the association, after the war.

There were 29 active associations (23 planning houses and 6 planning apartments) that had not yet reached the construction stage, although 2 of them had been started as early as 1946. Data on five were not reported.

TABLE 3.—Period in which housing associations were established¹

Period in which established	Active associations ²				Dissolved associations		
	All-the-way associations				Project completed	Project not completed	
	Houses	Apartments	Mutuals	Co-venture associations		Some construction	No construction
1916-20		7					
1921-25		17					
1926-30		5					
1934-38				6		1	
1939-44	1	2	6	2	5	1	
1945	3		3	6	1		
1946	1	1	4	5	2	3	
1947		1	8	5	2	1	
1948	1	5	2	8		2	
1949		3	8	9		2	
1950			1	8			
Total	6	41	32	49	8	7	

¹ Includes associations in preconstruction stage.
² Five did not report date.

Law of Incorporation

Of the associations building houses either as genuine or co-venture cooperatives, the largest number (30) had incorporated under the nonprofit act of their State (table 4). Among the reasons cited were simplicity of operation and low cost entailed, tax advantages offered, etc. Ten associations had incorporated under the regular corporation law, usually either because there was no State cooperative law or because their attorney so recommended.

The largest group of apartment associations (15) was formed under the State cooperative law, because as cooperators they preferred this law. Twelve became regular corporations on

the advice of their lawyer. Seven associations, all in New York, incorporated under the limited-dividend law of that State, primarily because of the partial tax exemption available under it, for the first 20 years of operation.

TABLE 4.—Laws under which housing associations incorporated*

Status and type of association	Associations reporting	Number under specified law ¹				
		Cooperative	Non-profit	Limited dividend	Regular corporation	Other
<i>Active</i>						
All-the-way cooperatives:						
Associations building houses	6	3	2		1	
Apartment associations	44	15	8	7	12	2
Mutuals	32	5	19		8	
Co-ventures building houses, construction stage reached	48	5	28		9	6
Total	130	28	57	7	30	8
<i>Dissolved</i>						
Co-ventures, project completed	7		3		4	
Co-ventures, project not completed:						
Some construction	7	3	3		1	
No construction	16	9	1		5	1
Total	30	12	7		10	1

* Five did not report on this subject.
¹ Includes associations in preconstruction stage.
² Includes 1 association operating under a trust agreement and 1 under the redevelopment law.
³ Includes 5 not incorporated and 1 operating under a trust agreement.
⁴ Not incorporated.

Sponsorship of Associations

Comparatively few associations of any type had been started under formal sponsorship. The largest incidence of sponsorship was among the associations building houses. Of these, 5 had been sponsored by local posts of the American Legion, 2 by the American Friends Service Committee, 2 by CIO unions (Communications Workers and Auto Workers), and 1 each by a local chapter of the American Veterans Committee, an Amvet post, the United Veterans Council of the city, a Catholic parish, and a "parent" housing cooperative. Another cooperative with no formal sponsorship had had assistance in getting started from the local CIO and AFL union members and several veterans' groups.

None of the apartment cooperatives formed before 1925 had had a sponsor. Among the later projects, several were sponsored by trade-unions. Thus, in 1927 the Amalgamated Clothing Workers of America (CIO) acted as

guarantor for a cooperative that carried out 13 projects between that year and 1950. Other union sponsors were locals of the International Brotherhood of Electrical Workers (AFL) (jointly with employers in the industry) and locals of the Amalgamated Meatcutters and Butcher Workmen (AFL).

One project was sponsored by a local cooperative store association, and another by a church organization. A third—one of the early apartment organizations—was sponsored by the Jewish National Workers Alliance. Various Negro organizations were responsible for the formation of a project for colored families.

Only one of the recent mutuals had a sponsor. In that instance, the Amvets post in the project took the lead in the association's formation. Among the early associations, two received financial or moral support from local CIO unions—the city CIO Council in one case and a local of the Marine and Shipbuilders Union (CIO) in the other.

Stages at Which Cooperation Was Used

The all-the-way cooperatives for houses bought the land, put in utilities and roads, designed the site plan and buildings, arranged for construction loans and permanent financing, built the houses, and leased them to the members. None of these associations had purchased the inside movable equipment (refrigerators, gas ranges, etc.), but two had bought

the building materials directly from the manufacturers (table 5).

Of 45 apartment associations from which information was obtained, 15 bought land, designed the buildings, and erected them; the other 30 had bought buildings constructed in the decade of the 1920's, for the most part. Forty-one made the arrangements for permanent financing; the other 4 did not report on this point. In all cases the cooperative looked after the major items of maintenance and repair of the structures.

None of the reporting apartment associations had bought directly any of the building materials. However, 5 had bought the inside equipment.

Among the 33 co-ventures, all bought the land. Five stopped at that point, but 28 went on to prepare the site and install the utilities, and all but 2 of these also arranged for the design of the community lay-out and the house plans. Eighteen arranged for construction of the houses under a master contract, and 15 of these bought their own building materials. Sixteen purchased the inside equipment themselves. Fourteen were responsible for the purchase or construction of some community facilities. All of the co-ventures gave fee-simple title to the houses built by them.

The associations that had completed their project and gone out of business were all co-ventures. All 8 had bought and improved land,

TABLE 5.—Extent of cooperation in housing associations

Stage at which cooperation was used	Total	Number of associations with cooperation at specified stage						
		Active associations				Dissolved associations		
		All-the-way associations			Co-venture associations	Project completed	Project not completed	
		Houses	Apartments	Mutuals			Some construction	No construction
Site selection.....	86	4	15	2	33	8	7	17
Option on land.....	80	4	15		33	8	7	13
Purchase of land.....	76	4	15		33	8	7	7
Site preparation and installation of utilities.....	67	4	13		28	8	6	6
Design of buildings and site.....	63	4	15		26	6	3	1
Purchase of building materials.....	25	2			15	4	4	
Construction of dwellings.....	45	4	15		18	4	4	
Construction financing.....	43	4	15		13	6	4	
Permanent financing.....	75	4	41	19	11	5	4	
Purchase of inside equipment.....	30		5		16	4	4	
Purchase of Government housing.....	25			25				
Purchase of other existing housing or structures.....	30		30					
Maintenance and repairs.....	87	2	45	33	7			
Purchase or construction of community facilities.....	15	1			14			

¹ Not including 10 in which Government agency took mortgage.
² Not including 8 which had not yet obtained a purchase contract.

³ Community facilities only; members maintain the dwellings they occupy.

and had installed utilities. Six had designed buildings and site, and had arranged for construction financing. Four constructed the buildings, buying the materials themselves, and four also bought all the inside movable equipment.

Among the 7 reporting dissolved associations that had not been able to complete their project but had built some houses, all got as far as the installation of utilities on the land they had bought. Four were able to build at least a few of the houses planned, and these bought both the building materials and inside equipment for them. Among the other 17 dissolved associations for which data were obtained, all reached the point of land selection. For various reasons 4 could get no farther.¹ Of 13 associations that took option on land of their choice, only 9 went through with its purchase, and 2 of these were unable to obtain funds for developing the tract. Six associations planned the community lay-out and arranged for the house plans. One even reached the point of buying building materials and arranging for a construction loan (which it could never utilize), but could get no permanent financing.

Membership

Membership Requirements

In admitting new members the *all-the-way* associations' chief emphasis was on qualities that would enable the new family to settle comfortably into the group and forward its aims. Among these were an interest in developing a cooperative community, neighborliness, or desire for community life.

Among the *co-ventures*, financial stability—i.e., the ability to meet the obligations entailed in building a house—was stressed by the largest number (14), but one association added that the member should have no desire to make a speculative profit by the sale of his house. Acceptability to other members or to the board was a common requirement. Others included such social attributes as neighborliness, and agreement with the association's interracial policy. In two groups each member had to agree to build within 5 years, and in two associations within 2 years (in one of these the



FIGURE 2.—Meeting of board of directors at Kirkmere Home Owners, Youngstown, Ohio.

house had to be in "modern" architectural style). Certain associations either accepted only veterans of World War II or gave preference to them. Others gave preference to families from the general sponsoring group (such as miners, university or college employees, etc.).

Three groups required conformance with the association's interracial policy. Two other groups carried in their bylaws the provision that neither race nor creed should act as a bar to membership. In most cases, however, no mention was made of this matter. In a few associations, land with restrictive covenants had been purchased, and the association had to bind itself to conform to them. However the Supreme Court has decided that such covenants are not legally enforceable.

Few associations set any specific income limit, though 14 said the member should have sufficient income to enable him to finance the purchase of a house and one association that the income should be sufficiently large to insure that not over 25 percent of it would be needed for current payments on the house. Among the 4 organizations setting only lower limits, the minimum was \$2,400 "take home" pay, \$2,500, \$2,700, and \$3,400, respectively. Only one association set both lower and upper limits—\$2,500 and \$5,000.

Because *apartment* dwellers live so closely together, one of the first requirements imposed was usually the acceptability of the incoming member to the others. Six associations made this general stipulation; several others required favorable vote by a majority, by 66 $\frac{2}{3}$ percent,

¹ See discussion of reasons for failure, p. 81.

or by 75 percent of the members. Approval of the board of directors admitted the applicant in 3 associations (but in one their vote had to be unanimous); in one association the matter was decided by a membership committee.

Nine associations required the member to buy capital stock and live in the dwelling himself. Nine specified the financial ability to carry the cost of ownership. Among other requirements were good character or reputation and willingness to cooperate with the group. Seven associations gave preference to certain nationality groups, and seven preference to veterans. In two associations members of the sponsoring labor organizations had first chance; one of these gave second preference to other labor unionists, and the other to veterans.

In New York the associations operating under the limited-dividend law incorporated in their requirements the maximum income limitation specified in that law, namely that the member's monthly income may not exceed 7 or 8 times (according to the number of children in the family) the amount of the monthly payments required on his dwelling. Only two of the reporting associations set specific money amounts. In one of these the lower limit was \$2,000 and the upper limit \$3,500; in the other the amounts were \$3,600 and \$5,000.

The most common membership requirements of the *mutuals* were that the applicant must be financially able to make payments required, and that he be a resident of the project or of the State. Other, less frequent, provisions were that he be acceptable to the other members, be of good character, head of a family, a member of the white race, or a citizen of the United States. Where preference was given, it was usually to veterans or to residents of the projects.

In only two cases were there income limitations. One of these (a subsistence housing project) would accept no members with annual cash income less than \$1,200 or more than \$2,600. In the other (a Puerto Rican association) the limits were \$720 and \$3,600, respectively.

Voting

In all the all-the-way cooperatives building houses, both title and property management were in the hands of the association. Practically all these associations adhered to the cooperative principles of a single vote per family, and a board of directors elected by the membership. In one co-venture, the vote could be split between husband and wife, and in two others each family had two votes.

Proxy voting constituted the greatest deviation from cooperative principle in all types of associations. Most of those organized under the regular corporation law allowed proxies because it was a requirement of the law; in two associations, however, proxies had to be in writing and were good for only a single meeting.

Membership Make-Up

Racial composition: The survey included 12 associations all the members of which were Negroes. Two of these were building houses and two additional associations intended to do so. Four had bought and were operating apartment buildings. An additional group was planning the renovation of a slum area into apartments for Negroes, and another intended to build an apartment building. Two associations were mutuals that were purchasing Federal war housing projects.

At least three other active associations included representatives of minority racial groups. The membership of one included Negroes; that of another, Mexican and Negro families; and that of a third, Orientals and Negroes. Several other associations, with an interracial policy set forth in their bylaws, actually had only whites in membership. A few of the dissolved associations were of mixed membership—a fact, their officers felt, that had added to their financial and other troubles.

Occupational and other composition: The original membership of the associations building houses had come from a wide variety of fields. One or more of the following occupa-

tional groups were included in the group originally responsible for the formation of the cooperatives:

<i>Occupational group</i>	<i>Number of associations</i>
Professional people (teachers, ministers, university and college faculty, research chemists, social workers, architects, musicians, and "professional" unspecified)	19
Federal, State, or municipal employees	8
White-collar workers	4
Skilled or semiskilled workers	4
Coal miners	2
Employees in specified businesses	2
Employees (and members) of cooperative store association	2
Businessmen	1
Communications workers	1
Shop workers	1

Veterans were the originators in 7 cases, and in two of these war service was the only common bond. Quakers (3) or conscientious objectors (2) were the originators in other cases. Two associations were started by members of church groups, one by the teacher and pupils in a class in industrial design, and one by persons who had lived in a public housing project and whose incomes had risen above the maximum limit allowable there.

Rising costs resulted in considerable loss of membership, especially among the lower-income families. Recruiting of new members, from a necessarily wider field in many cases, eventually brought about a substantial change in the occupational composition of numerous associations.

Because comparatively few of the *apartment* associations (except those newly formed) were covered in the Bureau's field study, little information on membership was available. One Midwest association's members came from professional and skilled-worker groups, Government employees, and other white-collar workers. Both projects of another association drew from veterans of World War II. In a third, the membership came from civilian and military employees of the United States Government. A fourth group was composed mainly of teachers and white-collar workers.

None of these had had any significant change in membership composition. Of two others, one noted a gradual shift from business, profes-

sional and white-collar workers to wage earners and the other a trend in the opposite direction.

The original residents of most of the *mutuals* were either war workers or employees or personnel of the Armed Forces.

A substantial turn-over occurred among the tenants of these projects after the war, particularly if the employing plants had closed down or curtailed operation or been converted to different peacetime uses. Decision by the tenants to form a cooperative to purchase the property usually resulted in additional removals by families not wanting to buy the units they were occupying. Their places were generally taken by families representing a wide variety of occupations. In one of the smallest projects a complete turn-over took place; the housing cooperative accepted only veterans, and all the tenants had to move.

Five of the *dissolved associations* that had completed their project noted almost no change in membership make-up during the life of the association. The original membership had been composed of the following: City employees who were members of credit unions; white-collar workers, members of the rubber workers' and other local unions; textile workers; and university employees.

Nine cooperatives that had failed noted very little change in membership but three others noted that the final membership was of a higher-income level than the original group; the others had been forced out by the rising cost of housing.

Sources of New Members

The most common sources of new members, in all types of associations, were the friends of persons already belonging to the cooperative, residents of the locality, and veterans' groups.

The services of a professional "promoter" to recruit additional members were used only by one apartment association and one mutual. One house-building cooperative had a publicity committee of its own, and in another association the vice president (a public-relations man) had directed a publicity campaign. A third association had never had to solicit new members, as it always had a waiting list for plots in its desirable land tract. Mutual associations had had

TABLE 6.—Income and size, in 1949, of family members of housing associations

Status and type of association	Number of associations reporting	Total families reporting	Families with annual income of—							
			Under \$1,000	\$1,000 to \$1,999	\$2,000 to \$2,999	\$3,000 to \$3,999	\$4,000 to \$4,999	\$5,000 to \$7,999	\$7,500 to \$9,999	\$10,000 and over
<i>Active</i>										
All-the-way cooperatives:										
Associations building houses.....	families } 4	{ 129			3	22	35	50	14	5
	persons } 4	{ 3.7			4.8	3.3	3.6	2.9	4.2	3.4
Apartment associations.....	families } 4	{ 1,571	8		76	571	514	397	5	
	persons } 4	{ (1)	(1)		(1)	(1)	(1)	(1)	(1)	
Mutuals ²	families } 14	{ 6,653	3	326	1,989	2,947	890	374	90	34
	persons } 14	{ 3.7	3.0	2.5	3.4	3.9	4.0	3.7	3.8	3.1
Co-ventures building houses:										
Construction stage reached.....	families } 18	{ 1,394	2		7	303	146	740	159	37
	persons } 18	{ 3.5	4.0		2.7	3.5	3.5	3.3	4.0	4.4
In preconstruction stage.....	families } 3	{ 484			30	318	92	44		
	persons } 3	{ 3.6			2.0	3.7	3.8	3.5		
Total.....	families } 43	{ 10,231	13	326	2,105	4,161	1,677	1,605	268	76
	persons } 43	{ 3.7	3.4	2.5	3.4	3.9	4.0	3.4	3.9	3.8
<i>Dissolved</i>										
Co-ventures, project completed.....	families } 1	{ 50					4	30	12	4
	persons } 1	{ (1)					(1)	(1)	(1)	(1)
Co-ventures, project not completed.....	families } 6	{ 1,417			771	310	257	75	2	2
	persons } 6	{ 3.4			3.5	3.4	2.8	4.0	2.5	2.5
Total.....	families } 7	{ 1,467			771	310	261	105	14	6
	persons } 7	{ 3.4			3.5	3.4	2.8	4.0	2.5	2.5

¹ No information available.² Projects with purchase contracts only.

little trouble in obtaining members, but several recognized that this situation might not continue after the local supply of housing became adequate.

Family Data

Of the 133 active associations covered in the study, 43 were able to furnish information regarding the 1949 incomes of their members (table 6).² Among the all-the-way cooperatives highest incomes were found in the associations building houses; in these the largest groups of members were those earning \$4,000 to \$7,499 per year. The major income groups in the apartment associations earned between \$3,000 and \$4,999 a year. The incomes of members of mutuals were the smallest of the three types of associations. More than a third of their members for whom annual-income data were available earned less than \$3,000 in 1949. In none of the other groups were as many as 5 percent in this income bracket. The largest group in the mutual associations consisted of families making \$3,000 to \$3,999 a year. Fewer than 2 percent earned \$7,500 or over.

² Most of the associations secured some information of this kind at their beginning but had not kept it up to date.

The co-ventures with dwellings in construction corresponded more closely in income distribution to the apartment associations than to the other groups.

Among the dissolved associations, the largest groups of members in those that completed their projects were in the \$5,000 to \$7,499 income brackets. On the other hand, in the associations unable to finish their project, more than 75 percent of the members had incomes of less than \$4,000 a year.

TABLE 7.—Age of head of families in housing associations

Status and type of association	Number of associations reporting	Total families reporting	Number of families with head—		
			Under 34 years	34 to 50 years	Over 50 years
<i>Active</i>					
All-the-way cooperatives:					
Associations building houses.....	4	129	28	91	10
Apartment associations.....	4	813	109	623	81
Mutuals ¹	16	6,867	3,494	2,965	408
Co-ventures building houses:					
Construction stage reached.....	21	1,332	484	738	110
In preconstruction stage.....	3	200	112	77	11
Total.....	48	9,341	4,227	4,494	620
<i>Dissolved</i>					
Co-ventures, project completed.....	2	365	79	267	19
Co-ventures, project not completed.....	11	2,106	1,689	359	58
Total.....	13	2,471	1,768	626	77

¹ Includes associations both with and without purchase contracts.

There seemed to be little or no relationship between size of family and income. The members of the all-the-way associations building houses and of the mutuels had slightly larger families than the others, with an average of 3.7 persons per family. The largest families of all (4.8 persons) were those of the members of the all-the-way associations building houses,

whose incomes fell in the \$2,000 to \$2,999 bracket.

The majority of the heads of families in the mutuels and preconstruction co-ventures were under 34 years of age. In all the other types of active associations the largest numbers were in the middle age group—34 to 50 years (table 7).

Chapter III.—The Projects

Land Purchase and Characteristics

The 93 active associations for which land area was reported held a combined total of 8,154.6 acres (table 8). In addition, the land of 8 dissolved associations with completed projects totaled 667.2 acres, making an aggregate of 8,821.8 acres in cooperative housing projects. The 16 reporting unsuccessful associations had a total of 1,575 acres, but these no longer counted as cooperatives because their projects were lost.

Land held for community purposes by 38 active associations totaled 576.6 acres. In two dissolved co-ventures with completed projects, 13.5 acres were held for community purposes by a separate association organized to do so.

Although the apartment associations owned a total of slightly more than 110 acres, none reported any acreage reserved for community facilities. Such facilities are usually provided for in the buildings, not separate from them. It is known, however, that several associations had playground space.

The largest average holdings were those of the mutuels and the co-venture associations which had set aside space for community purposes. The acreage of the apartment associations was smallest of all. As table 9 indicates, the land area varied from less than 1 acre (11 apartment associations and 1 all-the-way apartment association in the preconstruction stage) to tracts over 800 acres (2 mutuels and 1 co-venture association).

FIGURE 3.—Aerial view of site of Mile High Housing Association's all-the-way project, Denver, Colo.
[Site of project indicated by heavy black line]



TABLE 8.—Total acreage held by housing associations, and amount allocated for community purposes

Status and type of association	Associations reporting	Land held		
		Total acres	Allocated for community purposes ¹	
			Associations reporting	Acres
<i>Active</i>				
All-the-way cooperatives:				
Associations building houses.....	4	312.4	4	67.8
Apartment associations.....	22	110.3	(?)	(?)
Mutuals with purchase contracts.....	24	4,171.8	10	128.0
Associations in preconstruction stage..	3	104.4	-----	-----
Co-ventures:				
House projects—				
With community facilities.....	25	2,818.5	20	360.0
Without community facilities.....	6	105.9	-----	-----
Associations in preconstruction stage..	9	531.3	4	20.8
Total.....	93	8,154.6	38	576.6
<i>Dissolved</i>				
Co-ventures, project completed.....	8	667.2	2	13.5
Project not completed:				
Some construction.....	7	950.0	6	63.0
No construction.....	9	625.0	-----	-----
Total.....	24	2,242.2	8	76.5

¹ Not including streets or sidewalks.
² In apartment associations, the community facilities are usually inside the buildings and do not take up land space.
³ Not including 1 association owning 1 city block, exact area not reported.
⁴ Not including 2 associations holding option on 118 acres.
⁵ Community facilities operated by separate associations, organized for the purpose.
⁶ As intended in original plan.

All but seven of the associations building houses had bought raw land. Among the exceptions were two that purchased land formerly used for farming, one that took over a golf course, and three that bought improved land in the city.

Main reasons for buying were the reasonable price, good natural characteristics (view, drain-

TABLE 9.—Active housing associations holding classified acreage

Acres held	Number of active associations					
	All-the-way cooperatives				Co-ventures	
	Houses	Apartments	Mutuals	In pre-construction stage	Construction stage reached	In pre-construction stage
Less than 1.0.....	-----	11	-----	1	-----	-----
1.0-4.9.....	-----	7	1	-----	2	1
5.0-9.9.....	-----	1	1	-----	3	1
10.0-24.9.....	-----	1	3	-----	4	1
25.0-49.9.....	-----	2	5	1	6	3
50.0-74.9.....	-----	1	6	1	3	2
75.0-99.9.....	-----	-----	2	-----	2	-----
100.0-149.9.....	-----	2	2	-----	5	1
150.0-199.9.....	-----	-----	1	-----	3	-----
200.0-249.9.....	-----	-----	-----	-----	2	-----
250.0-499.9.....	-----	-----	1	-----	-----	-----
500.0 and over.....	-----	-----	2	-----	1	-----
Total.....	4	22	24	3	31	9

age, wooded, high elevation, etc.), and availability of conveniences for shopping, transportation, and utilities.

Project Planning

Planning was required for most projects, and definite attempts were made to lay out attractive communities. However, services of site planners were less frequently utilized than were those of architects.

The house-building cooperatives that had site planners paid a wide range of fees. Flat fees, in the associations reporting, were \$300, \$1,150, \$1,350, \$1,800, \$2,000, \$6,000, and \$10,000. One site planner charged at the rate of \$70 per house.

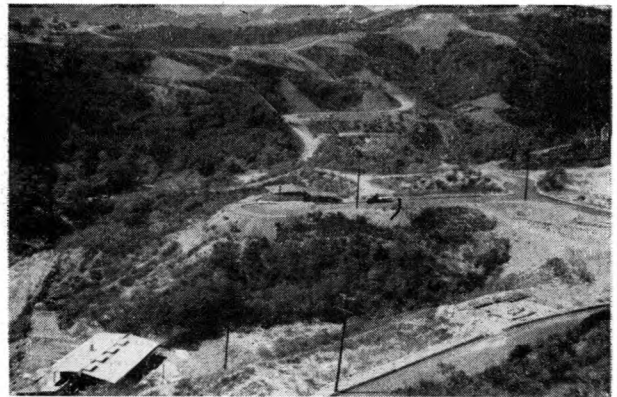


FIGURE 4.—Hilly terrain of Mutual Housing Association's co-venture project, Los Angeles, Calif.

The fees paid to architects ranged from 3 percent of the total construction cost (including the supervision of construction) to 12 percent (for a panel of "modern" architects). In terms of money cost, these fees ranged from \$600 to \$23,000, with an average (among those reporting) of \$6,650.

For all the apartment projects for which information is available the architect served also as site planner. In two cases he received a flat sum of \$28,500 and in another \$50,000 a building.

The mutual associations had no project planning to do, having bought completed projects.

Of 12 dissolved associations reporting, 5 had hired both site planner and architect. Six had hired an architect who, in turn, was responsible for the hiring and payment of the site planner.



FIGURE 5.—Part of golf-course site of Bannockburn Cooperators' co-venture project, Glen Echo, Md.

In one association, the firm doing the construction work also did the site planning and provided the house plans. The reporting associations paid fees of \$3,500, \$5,000, and \$21,547 for site planning. Architects' fees reported were 2, 3, 5 (2 associations), and 6½ percent. Associations reporting actual amounts paid \$741, \$10,000, and \$17,695 (this last figure also included cost of site planning).

Membership Participation in Planning

Among the associations building *houses*, members participated in the planning of both dwellings and community facilities (where such were a feature of the project) in all but a few cases. The exceptions were generally straight co-venture projects in which cooperation had been used only in acquiring, improving, and subdividing land, but in which the house planning and construction were done by the individual members. In these there was no group planning of dwellings, although a few associations required that house plans be submitted to the board of directors or an architectural committee, to insure that all dwellings would harmonize in style.

In most associations members participated at all stages. The usual procedure was to require from members (on a questionnaire or otherwise) general information as to size and type of dwelling desired. The architect's preliminary plans would then be presented to a general membership meeting for examination and discussion. Persons interested in particular types or sizes would then form themselves into groups for further discussion—and probably modifications—with the architect.

In the planning of *apartment* buildings the general membership participated in only one instance. In that case the architect held an open forum with the members, at the initial stages. These meetings served to arrive at a compromise decision between what the members wanted and what could be provided for the amount they were prepared to pay.

Size of Project

Excluding the mutuals (which did not undertake any construction), 7,158 dwellings had been constructed by or for 91 cooperative housing associations as of July 1950, of a total of 12,306 planned. Twenty-one additional asso-

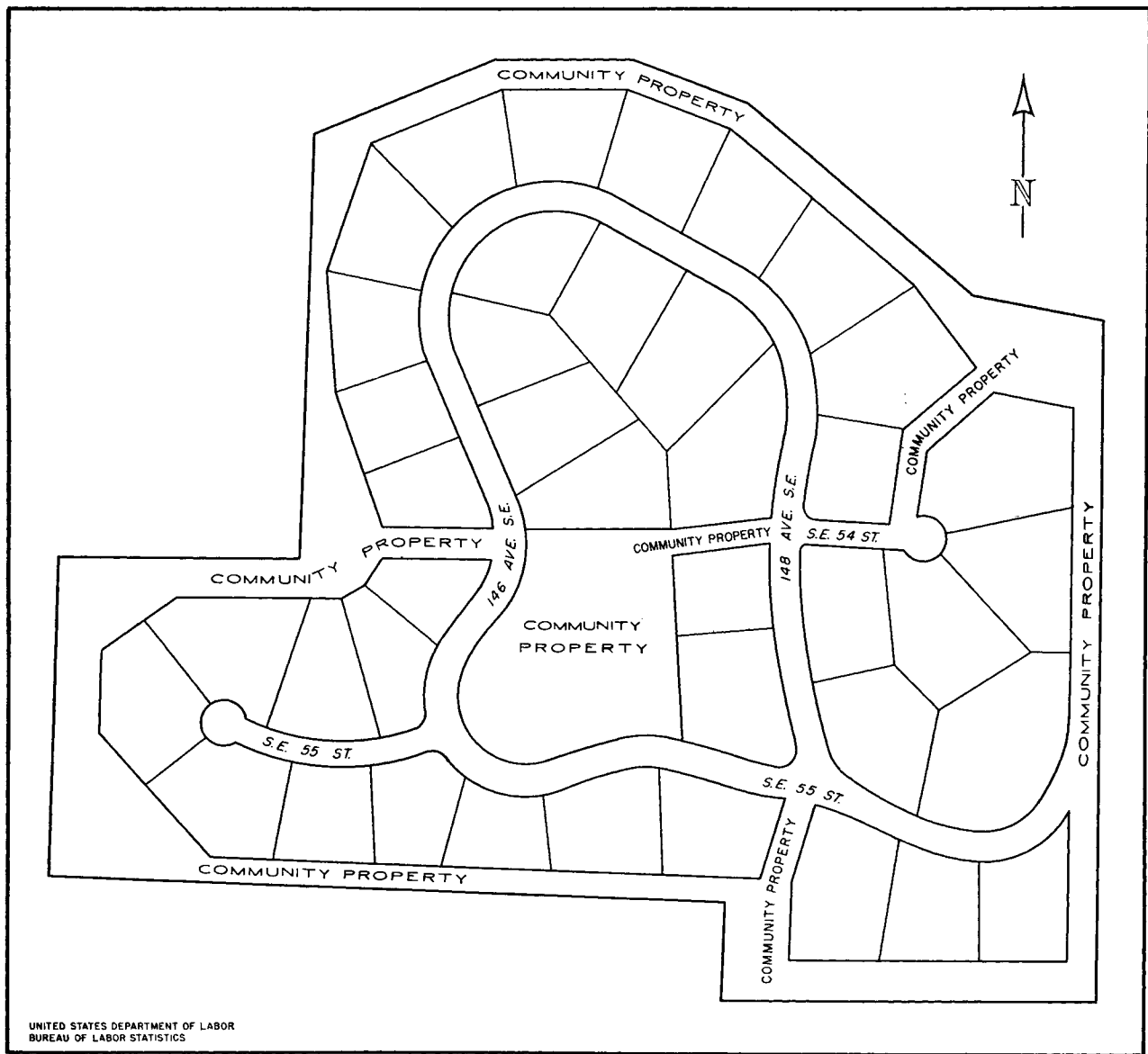


FIGURE 6.—*Lay-out of Hilltop Community, co-venture project at Seattle, Wash.*

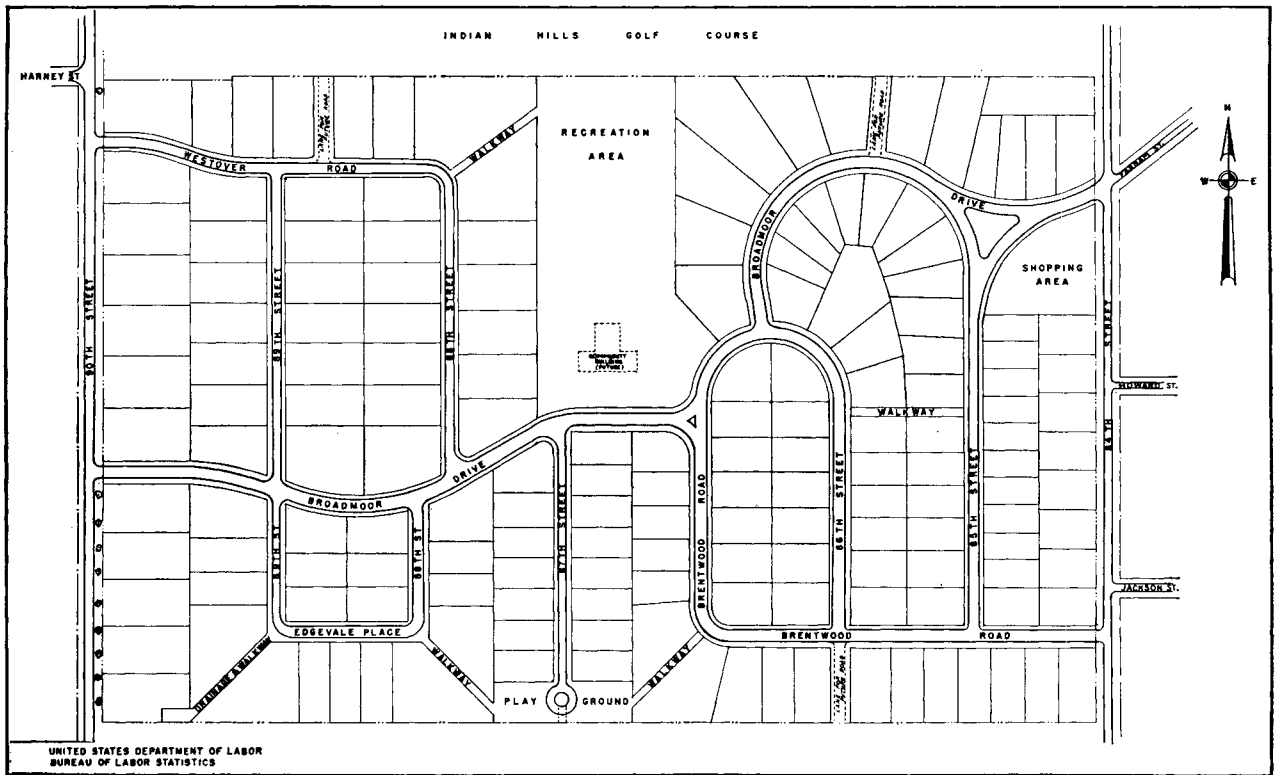


FIGURE 7.—Community plan of Golden Valley Cooperative Association's co-venture project, Omaha, Nebr.

TABLE 10.—Dwelling units and rooms planned and completed by housing associations

Status and type of association	Number of dwelling units				Rooms completed or under construction		
	Number of associations reporting	Total units planned	Units completed or under construction	Units planned for next 12 months	Number of associations reporting	Number of units in reporting associations	Number of rooms
<i>Active</i>							
All-the-way cooperatives:							
Associations building houses.....	5	234	95	27	5	95	556
Apartment associations.....	38	5,262	4,412	850	35	4,017	15,827
Mutuals with purchase contract.....	25	9,627	9,627		23	8,701	35,502
Mutuals without purchase contract.....	8	5,141	5,141		5	3,771	16,304
In preconstruction stage.....	7	3,215		548			
Co-ventures:							
Building houses, construction stage reached:							
With community facilities:							
Construction by association.....	12	1,948	604	274	12	471	2,442
No construction by association.....	13	1,140	389	73	8	242	1,256
Without community facilities:							
Construction by association.....	5	270	213	54	4	203	980
No construction by association.....	3	49	44	3	3	44	152
Associations in preconstruction stage.....	14	1,445		370			
Total.....	130	28,331	20,525	2,199	95	17,544	73,019
<i>Dissolved</i>							
Co-ventures, project completed.....	8	969	965		6	828	4,251
Co-ventures, project not completed:							
Some construction.....	7	2,434	436		6	341	1,586
No construction.....	15	3,530					
Total.....	30	6,933	1,401		12	1,160	5,837

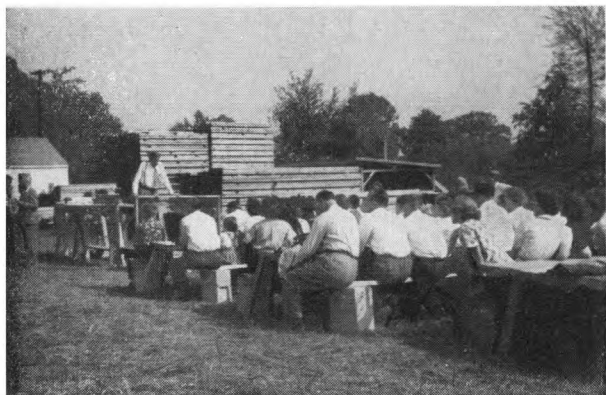


FIGURE 8.—Membership meeting of Kirkmere Home Owners, Youngstown, Ohio.

ciations that had not reached the construction stage had planned projects involving 4,660 dwellings. About 2,200 units were expected to be erected within the next 12 months (table 10).

The average size of project planned and completed or under construction, by type of association, is shown below:

	Average number of units—	
	Planned	Completed or under construction
All-the-way cooperatives:		
Houses	47	19
Apartments	138	116
Mutuals	447	447
Co-ventures	97	38
Dissolved associations (project completed)	121	120

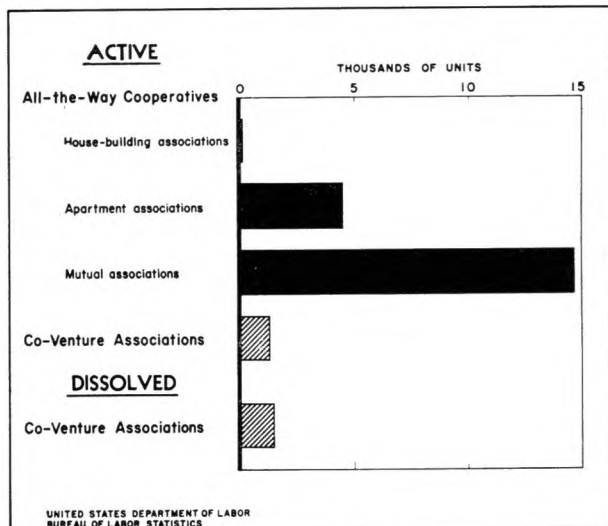


FIGURE 9.—Dwelling units completed or under construction by housing cooperatives, July 1950.

The most extreme variation in the size of the individual projects was among the apartment associations, where the range was from 4 to 1,650 units. Most of the apartment associations formed prior to 1930 owned small buildings containing from 16 to 60 apartments each. All but one of these early associations have completed their projects and now exist only to operate the building. The exception is an outstanding association that has been building almost continuously since its formation in

TABLE 11.—Number of dwelling units completed or under construction, by size of project and type of dwelling

Size of project and type of dwellings	Number of units completed or under construction by—					
	Active associations				Dissolved associations	
	All-the-way associations			Co-venture associations	Project completed	Project not completed, some construction
	Houses	Apartments	Mutuals			
Size of project:						
Less than 25 units.....	2	16		17	1	1
25 but under 50 units.....	3	14	1	8	1	4
50 but under 75 units.....		1	1	2	3	1
75 but under 100 units.....			2	3	1	
100 but under 200 units.....		3	3	3		
200 but under 300 units.....		1	7			1
300 but under 500 units.....			7		2	
500 and over.....		3	12			
Total.....	5	38	33	33	8	7
Type of dwelling:						
Single-family detached house.....	95		1,322	1,249	915	1,386
Single-family attached house.....			10,288	2	50	
Apartments.....		4,412	2,938			
Total.....	95	4,412	14,548 ²	1,251	965	1,386

¹ No data for 1 association with 50 units.

² Type of dwellings not reported for 1 association with 220 units.

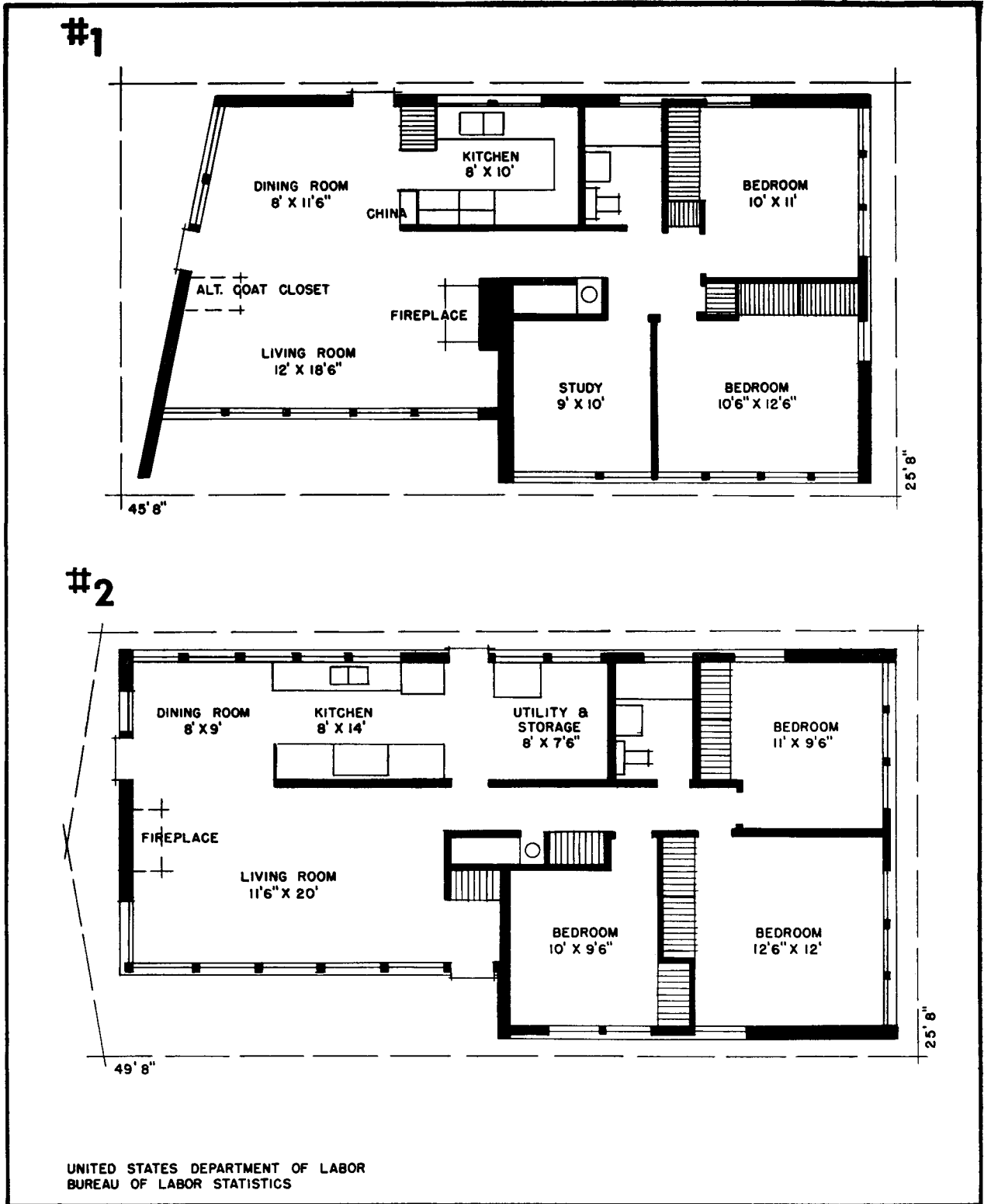


FIGURE 10.—Two of the five basic house plans used in Mile High project, Denver, Colo.

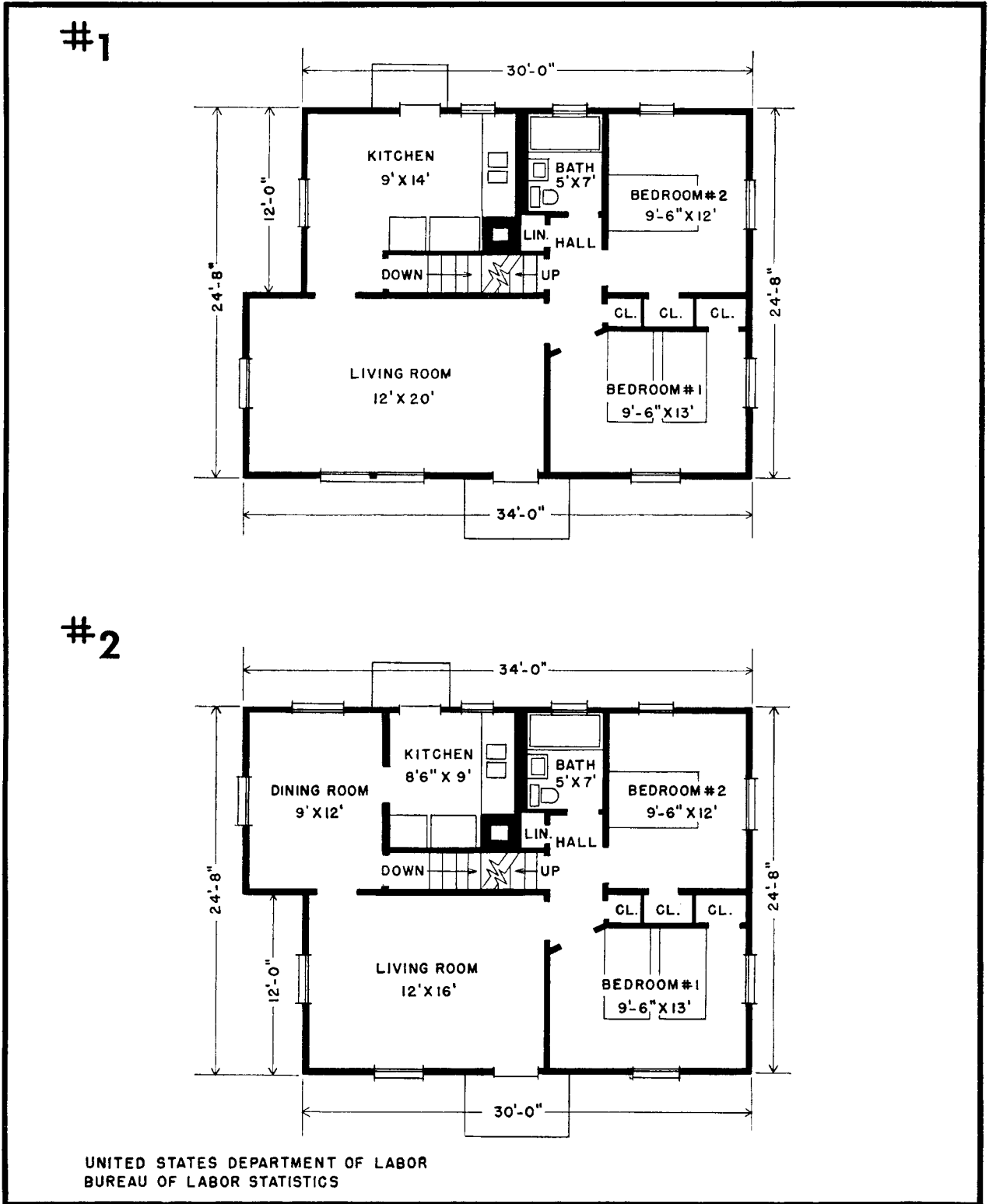


FIGURE 11.—Two of the basic house plans used in Edison Park co-venture project, South Bend, Ind.

1927. This organization, the Amalgamated Housing Corp., is the bridge between the early, quiescent group, and the associations formed in the past few years, most of which had not yet reached ground-breaking stage when visited.

The house-building associations favored detached houses. Only one association had built any semi-detached units. Most of the dwellings

in the mutual projects, however, were of either the row-house or 2-story duplex type (table 11).

Size of Dwellings

The number of dwellings of specified size (number of rooms) provided in each type of housing association is shown in table 12.

TABLE 12.—Size of dwelling units¹ completed or under construction by housing associations

Status and type of association	Number of associations reporting	Number of dwellings with—								Total dwellings	Total number of rooms in these dwellings
		1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8 rooms and over		
<i>Active</i>											
All-the-way cooperatives:											
Associations building houses.....	5					49	35	3	8	95	556
Apartment associations.....	35	4	124	1,350	1,571	797	156	14	1	4,017	15,827
Mutuals with purchase agreements.....	23		40	1,277	5,979	1,349	56			8,701	35,502
Mutuals without purchase agreements.....	5	84	370	197	1,291	1,309	460	60		3,771	16,304
Co-venture associations building houses, construction stage reached.....	27	6	19	44	200	394	233	56	8	960	4,830
Total.....	95	94	553	2,868	9,041	3,898	940	133	17	17,544	73,019
<i>Dissolved</i>											
Co-venture associations:											
Project completed.....	6				159	399	270			828	4,251
Project not completed, some construction.....	6				198	64	79			341	1,586
Total.....	12				357	463	349			1,169	5,837

¹ In this table, kitchen (plus dining alcove) and living room are each counted as one room, as are also the bedrooms; the bathroom is not counted (some of the associations, however, count the dining alcove as half a room). A dwelling shown in the table as

having 5 rooms would therefore consist of living room, kitchen (with dining alcove), and three bedrooms.

Contracting by Association

Few of the cooperatives studied had done their own contracting.

Two of the all-the-way associations building houses acted as their own contractor for installing utilities, cutting and paving the ingress roads and streets, and arranging for other construction work. All these jobs were subcontracted.

Two co-venture associations acted as general contractor for the building of the houses; these were both small self-help groups in which most of the construction was done by the members. One other association (not self-help) explored the possibilities of doing its own contracting but found it would have to post a completion bond and raise about \$250,000—a task beyond its powers. Another association acted as co-contractor with the builder; subcontracts were let for pouring the foundations, building the basements, and plastering.

Thirteen associations confined themselves to the negotiation of a master contract for the

construction of a specified number of units. In one case, the contract was on a lump-sum basis, in 8 cases on a fixed-fee basis, and in 4 cases on a cost-plus basis (but in one of these a maximum limit was set).

Among the apartment associations, only the Amalgamated Housing Corp. (and its two related organizations,¹ each with one project) has acted as contractor on all its projects.

None of the dissolved associations that finished their project had acted as contractor. However, two had negotiated a master contract, under the terms of which all their houses were built. Three associations that built some houses before dissolving had acted as general contractor. One of these sublet contracts for construction of the sewers and roads as well as the houses; the second subcontracted for roads, inside equipment, and construction of the dwellings; and the third subcontracted the utility excavations, masonry work, and painting. A fourth organization acted as contractor for the utilities (water and sewer) and grading only.

¹ Amalgamated Dwellings, Inc., and Hillman Housing Corp.

Chapter IV.—Cost and Finances

Cost to Association

Cost of Land and Its Development

Many of the associations covered in the study had bought, at very reasonable rates, tracts of land which were frequently some distance from sewer, water, and power lines. The final land cost was directly affected by the amount of work necessary to bring in these utilities. Several associations had bought rolling or hilly land that was expensive to develop, although it was scenic and lent itself to interesting treatment.

The wide range of land cost per acre is shown in table 13. In terms of cost per square foot of raw land, there were differences of only a few cents, except for apartment associations.¹ However, the final cost per square foot to the associations with community facilities was 2 to 4 times as much as that for associations that had built projects without such facilities.

¹ Cost of land was available for only 5 new apartment projects.

Unlike the associations building houses, the apartment associations were all in cities, where land is expensive, and cost per acre and per square foot was therefore very high. In terms of land cost per dwelling, the apartment costs fell below those of associations building houses.

Among the associations building *houses* the lowest original cost was \$19 per acre for one association that bought a parcel of tax-delinquent land and had 20 acres donated to it. The highest was \$2,893 (the equivalent cost per acre for a large city lot).

Three-fourths of these associations (both all-the-way and co-venture) had paid an acquisition cost of less than \$1,000 per acre (table 14). Site and offsite improvements brought the cost to \$2,999 for 2 associations and up to almost \$10,000 for still another association.

In one extreme case, the final cost of \$5,000 an acre (5 times the cost of the raw land) resulted from the great distance between the project site and the nearest utility and sewer con-

TABLE 13.—Cost of land, before and after development, held by housing associations

Status and type of association	Average cost per acre				Average cost per square foot				Average total land cost per unit after development	
	Number of associations reporting	Raw land cost	Development cost		Total cost	Raw land cost	Development cost			Total cost
			On project	Off project			On project	Off project		
<i>Active</i>										
All-the-way cooperatives:										
Associations building houses	4	\$189	\$583	\$56	\$828	\$0.01	\$0.02	(1)	\$0.03	\$1,426
Apartment associations	25	34,020	15,887		49,907	.78	.27	\$0.10	1.15	1,109
Co-ventures:										
Building houses, construction stage reached:										
With community facilities:										
Houses constructed by association	7	620	1,052	39	1,711	.01	.03	(1)	.04	1,285
Houses not constructed by association	11	277	249	31	557	(1)	.01	(1)	.01	439
Without community facilities:										
Houses constructed by association	4	588	1,593		2,181	.01	.03		.04	711
Houses not constructed by association	2	825	(3)	(3)	825	.02	(3)	(3)	.02	1,179
In preliminary stages only	3	767	69		836	.02	(1)		.02	
<i>Dissolved</i>										
Co-ventures, project completed	5	270	152		422	(1)	.05		.05	746
Co-ventures, project not completed:										
Some construction accomplished	7	540	429	52	1,021	.01	.01	(1)	.02	
No construction	7	1,334	92	(6)	1,426	.03	(1)		.03	

¹ Less than \$0.005.

² All these projects are in Greater New York, but land was bought at various times, from 1927 to 1950.

³ No data.

⁴ One association had its land donated.

⁵ Includes off-project costs.

⁶ Not reported separately.

nections. Another association put in a sewer system and laid an 8-inch water pipe for a distance of 2 miles (however, the latter cost was shared with another housing development). A third had to bring its water supply across two adjoining properties; it also installed (at a cost of \$13,000) steam-heated pipes under the very steep road leading to the project, to keep it free of ice in winter. A fourth association was required by the county to put in a wide ingress road costing \$19,000. Still another had to cut a lead-in road, put in a water-distribution system with pump house and tower—improvements that raised the land cost by \$1,300 per lot. In other cases, site and offsite expenditures raised the land cost by as much as \$1,100 to \$1,600 an acre. One veterans' association was fortunate in that the city installed all of the utilities free.

Actual money cost of developing the land (including such items as the installation of utilities and the grading, cutting, and surfacing of roads and streets) ranged in these associations from \$4,500 for a project of 126 units to \$1,300,000 for an organization developing high rolling land for 500 units. In some cases the cost was substantially reduced by voluntary self-help work of the members.

The distribution of these associations by amount spent in the development of the land was as follows:

	<i>Number of associations</i>
\$5,000 or under	2
\$5,001–\$10,000	6
\$10,001–\$25,000	6
\$25,001–\$50,000	8
\$50,001–\$75,000	2
\$100,001–\$150,000	2
\$250,001–\$300,000	1
\$1,000,000 and over	1

Nearly all the apartment projects were in Greater New York, and their land cost per acre was far above that of most of the other types of associations which had bought tracts at some distance from the nearest city, in order to save money. However, the margin between the acquisition cost and the cost after development was less for the apartment houses than the others, largely because of easy availability of utilities.

TABLE 14.—Number of housing associations with specified land cost per acre before and after development

Cost per acre	Raw land			Developed land		
	All-the-way cooperatives		Co-ventures	All-the-way cooperatives		Co-ventures
	Houses	Apartments		Houses	Apartments	
Under \$100			2			
\$100–\$199	1		2			
\$200–\$299	2		4	1		2
\$300–\$399			2			1
\$400–\$499			1			1
\$500–\$749			4	1		2
\$750–\$999			3			5
\$1,000–\$1,499	1		2	1		4
\$1,500–\$1,999			2			4
\$2,000–\$2,999			1			3
\$2,500–\$2,999			1			2
\$5,000–\$9,999				1		
\$10,000–\$14,999		1				
\$20,000–\$29,999					1	
\$30,000–\$39,999					1	
\$50,000–\$99,999		1			1	
\$200,000–\$299,999		2			2	
Total	4	5	24	4	5	24

Cost of Project, by Item of Expense

The costs of the various items in a housing project, and the proportion of total cost spent for each item, are shown for 45 associations in table 15. These projects involved expenditures totaling \$48,131,045.

Notable differences in relative costs are revealed. Thus, land costs absorbed a much higher proportion of the total (17.9 percent) in the co-ventures that bought enough land to provide space for recreation and other community activities. Metropolitan apartment associations were next, with 10.0 percent of the total devoted to land.

Most of the active co-venture or all-the-way associations that built houses took a piece of raw land, thereby involving themselves in the extra expense of its development. For them the site and offsite development costs amounted to 27.8 and 19.1 percent, respectively. In the co-venture associations the provision of community facilities raised the cost to 33.2 percent of the total; these associations also had the highest relative expenditures for architect fees—7.0 percent.

Site and offsite costs were quite low (4.5 percent) for the apartment associations.

TABLE 15.—Cost of housing projects, by item

Item	Active associations										Dissolved associations					
	All-the-way cooperatives				Co-ventures						Project completed		Project not completed ¹			
	Houses		Apartments		With community facilities		Without community facilities		Total				Some construction		No construction	
	Cost	Per cent	Cost	Per cent	Cost	Per cent	Cost	Per cent	Cost	Per cent	Cost	Per cent	Cost	Per cent		
Land.....	\$93,250	8.6	\$3,250,689	10.0	\$1,057,542	17.9	\$46,400	2.8	\$1,103,942	14.7	\$25,000	0.7	\$532,820	18.3	\$542,862	87.4
Site and offsite costs.....	206,400	19.1	1,470,178	4.5	1,957,957	33.2	134,500	8.2	2,092,457	27.8	336,117	9.3	457,697	15.7	37,300	6.0
Construction:																
Residential and nonresidential.....	699,000	64.7	24,900,752	77.0	1,976,989	33.6	1,243,000	76.2	3,219,989	42.8	2,949,096	81.2	1,427,903	48.9	-----	-----
Movable equipment.....	5,600	.5	668,993	2.1	4,500	.1	41,600	2.6	46,100	.6	12,000	.3	12,298	.5	-----	-----
Finance costs.....	28,500	2.6	776,572	2.4	102,452	1.7	18,325	1.1	120,777	1.6	240,380	6.7	147,558	5.1	1,657	.2
Architect and engineering.....	15,900	1.5	975,946	3.0	416,397	7.0	-----	-----	416,397	5.5	17,695	.5	288,835	9.9	25,000	4.0
Broker fee.....	5,500	.5	241,091	.7	2,685	(*)	-----	-----	2,685	(*)	-----	-----	(*)	-----	-----	
Closing fee.....	3,500	.3	67,062	.2	277	(*)	-----	-----	277	(*)	50,150	1.3	-----	-----	-----	
Miscellaneous.....	-----	-----	-----	-----	1,284	(*)	-----	-----	1,284	(*)	-----	-----	49,383	1.7	14,194	2.3
Self-help.....	22,000	2.0	-----	-----	380,750	6.4	147,000	9.0	527,750	7.0	-----	-----	509	(*)	-----	-----
Total.....	1,079,650	100.0	32,351,283	100.0	5,900,833	100.0	1,630,825	100.0	7,531,658	100.0	3,630,438	100.0	2,917,003	100.0	621,013	100.0
Number of associations reporting.....	4	-----	5	-----	17	-----	3	-----	20	-----	2	-----	7	-----	7	-----

¹ Amounts given cover expenditures as far as project was carried by association.
² One association only; land was donated to the other.

³ Less than 0.05 percent.
⁴ One association paid a 1 percent broker fee, but the amount was not reported.

Total Investment in Project

Major factors influencing total project cost were the relative outlay for land and its development, the extent of volunteer work by the members, the size of the project, the level of housing costs at the time the project was carried on, the amount and cost of land set aside for community facilities, and the cost of construction of such facilities. Most of the associations building houses were established after the end of World War II. After 1945 the costs involved in house construction rose rapidly and steadily, and the lapse of even 1 year meant a substantial increase in the total cost of the project.

A distribution by cost of the individual projects up to the time of the survey (July-October 1950) is shown in table 16. The table gives an indication of the size of the project in terms of money needed. In most cases the costs shown included all expenses of development, regardless of the number of dwellings completed. Some of the projects had reached completion; in others only a part of the planned dwellings had been built; and in still another group construction had not yet begun. It was therefore impossible to show a distribution by per-unit cost.

Of the associations building houses, two very small projects involving considerable self-help cost less than \$25,000 each (table 16). At the

other end of the scale were 2 large developments—each with community facilities, rather high expenditure for architectural and engineering services, and dwellings above average—costing over a million dollars.

Among the apartments, half fell within the cost range of \$100,000-\$500,000 because of the preponderance of the old associations whose buildings were purchased or erected 25 or more years ago when costs were much lower. For these older projects the average total cost was

TABLE 16.—Number of housing projects with specified total cost

Total cost	Number of projects of—					
	Active associations				Dissolved associations	
	All-the-way associations			Co-ventures	Completed	Not completed ¹
	Houses	Apartments	Mutuals			
Under \$25,000.....	-----	-----	-----	2	-----	21
\$25,000-\$49,999.....	-----	2	-----	4	-----	22
\$50,000-\$74,999.....	-----	4	-----	3	-----	21
\$75,000-\$99,999.....	-----	1	-----	2	-----	32
\$100,000-\$249,999.....	1	11	3	4	-----	32
\$250,000-\$499,999.....	2	4	3	1	-----	34
\$500,000-\$749,999.....	-----	2	4	3	1	1
\$750,000-\$999,999.....	-----	-----	4	1	-----	1
\$1,000,000-\$1,999,999.....	-----	2	8	2	-----	-----
\$2,000,000-\$4,999,999.....	-----	1	2	-----	1	-----
\$5,000,000 and over.....	-----	2	1	-----	-----	-----
Total reporting.....	4	29	25	22	2	14

¹ Figures represent cost as far as project was carried by association.
² Preconstruction stages only.
³ Including 1 association which did not reach construction stage.

\$200,209, whereas for the new associations² it was \$5,491,710.

The total cost of mutual projects (i. e., the purchase price) to the cooperative depended on the appraised value at the time of sale to the association. The sales price of all of these was above \$1,000,000 and ran as high as \$5,000,000 or more.

For the 96 active and dissolved associations reporting, the aggregate total cost of the projects exceeded 82 million dollars (table 17).

TABLE 17.—Total and average cost of housing projects

Status, and type of association	Number of associations reporting	Total cost	Average cost per association
<i>Active</i>			
All-the-way cooperatives:			
Associations building houses.....	4	\$1,079,650	\$269,912
Apartment associations.....	29	37,555,054	¹ 1,295,002
Mutual associations.....	25	29,403,640	1,176,146
Co-ventures.....	22	² 7,582,558	² 344,662
<i>Dissolved</i>			
Co-ventures, project completed.....	2	3,630,438	1,815,219
Co-ventures, project not completed:			
Some construction.....	7	³ 2,916,985	³ 416,712
No construction.....	7	³ 621,013	³ 88,716
Total.....	96	82,789,338	862,389

¹ Average for prewar projects was \$200,209; for postwar projects \$5,491,710.

² Figures represent cost to or through association only; costs of houses built under individual contract not included.

³ Figures represent cost of project as far as project was carried by association.

Contract Provisions

The contracts of two all-the-way cooperatives building houses provided for construction on a fixed-fee basis. One of these provided for savings to be shared by the cooperative and the contractor. The other contract gave the association the right to review subcontracts and inspect the contractor's books.

Among the co-ventures, sharing of savings and review of subcontracts were specified in one contract; those of three others either set a ceiling on costs or provided for the sharing of savings between contractor and association. One contract gave the association only the right to review subcontracts. Two agreements provided for review of subcontracts and the right to inspect the contractor's books. All of the above—sharing of savings, inspection of books,

and review of subcontracts—were included in the contracts of four associations, and in another the contractor agreed to them, although not included in the agreement.

The construction contract of all five reporting apartment associations provided for a fixed fee. In two cases it also provided for the sharing of savings and gave the association the right to inspect the contractor's books.

All the dissolved associations in the survey that completed their projects had had a fixed-fee contract. Three contracts provided for sharing of savings, two for inspection of the contractor's books, and two for review of subcontracts. All but one of the other dissolved associations that had proceeded with construction had fixed-fee contracts. One also had an "escalator" clause protecting the contractor in case of price increases. One association had a cost-plus arrangement that proved to be one of the causes for its failure, for the final cost of the houses was so far above the members' means that they could not assume the burden.

Self-Help by Members³

Although little or no self-help was involved in apartment or mutual construction, members were much more active in their own behalf in the all-the-way and co-venture associations building houses. The self-help work reported by the latter organizations included the following: Surveying, clearing the land, grading for roads, excavating for utilities, digging trenches, constructing a water line and pump house, installing the water system and making all the individual connections, building a bridge over a ditch, building the houses themselves, doing the inside finishing and interior decoration, planting trees, and landscaping the yards.

In a number of associations, the members performed all the processes, from helping to clear the land, through the completion of the dwellings. One of these estimated that its 25 members had worked a total of 9,750 days, another that 3,000 days had been spent on each house. In one of these associations each member, when his dwelling was half completed, had to give the association a "performance" mortgage to in-

² Mainly those formed since 1930 but including the Amalgamated Housing Corporation which has been building new projects almost continuously, except during World War II.

³ See also p. 72 for disadvantages of self-help.

sure that he would do his share of work on the houses of the other members. In two other associations, as each house was completed the owner executed a second mortgage, payable in cash or in labor, in favor of those who contributed time on his house. In one association, the members had put in an estimated total of 400 man-days each, doing all the work except the excavation and laying the water line. In other organizations, the time spent in self-help work varied greatly.

In the co-venture group, most of the members' work was done on their own homes primarily, although work too heavy to be done by one man alone (such as raising beams, putting on the roof, etc.) was done by group effort. However, six associations utilized a system of pooled labor in which all members worked together on one or a few houses, moving on to another group when these were finished. In such cases records were kept, to insure an equitable contribution and distribution of labor; where the self-help consisted of work done by members on their own homes, no records were kept.

In one association using the exchange-of-labor method, voluntary labor was calculated at \$1.25 an hour. It was estimated that each member would work a total of 2,750 hours on his own and other members' houses. Another association, in which the members worked mostly on their own dwellings, provided that for any work done for other members they should be paid the current local rate.

Definite labor commitments were required of members by some of the associations building houses on a pooled-labor basis, such as 4 hours each month, 18 hours each week, or 20 hours a week until the first 65 houses were ready for occupancy. Several associations reported that, once their own houses were completed, some members showed more interest in improving their own grounds and dwellings than in fulfilling their work quota on the houses still under construction.

Savings through collective effort and self-help: No over-all figure can be cited as the total saved by self-help or joint activity. Most co-operatives had kept no accurate records on this point, and any figure given was only an estimate.



FIGURE 12.—“Burma Drive clearing detail” at Kirkmere Home Owners, Youngstown, Ohio.

Among the all-the-way cooperatives, one estimated that \$2,000 was saved by the members' work on the community water system. Another estimated a saving of \$7,000 by having all the land clearing and grading done by the members. A third reported that by the time the houses were completed the saving on them and on the land clearance would total \$10,000.

Savings through self-help on the houses of the co-ventures were variously estimated at 40 to 50 percent on each house; \$2,000 to \$3,000 per house; \$2,000 and \$30,000 in two cases in which all of the preliminary work (land clearing, grading, etc.) had been done by the members; \$1,500 and \$3,500, respectively, on a bridge and pump house built by self-help; and a



FIGURE 13.—House built by member's own labor, Hermits Glen co-venture project, Los Angeles, Calif.

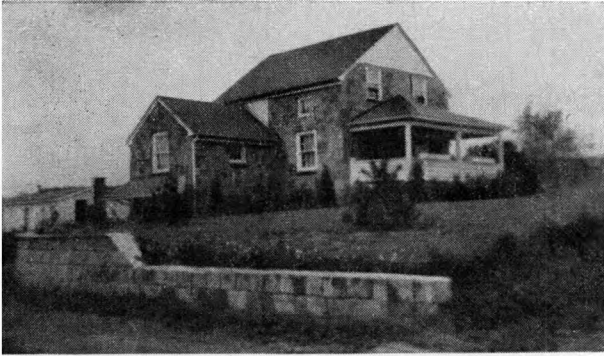


FIGURE 14.—Upper: House built by exchange-of-labor method in prewar co-venture project at Penn-Craft, Pa. (stone quarried on site). Lower: House built by member's own labor in postwar co-venture project at Penn-Craft, Pa. (cinder blocks made by members).

minimum of \$10,000 where members had done the clearing, grading, tree planting and trench work.

Various other money-saving expedients were used. One association arranged for the joint purchase of lumber and electric cable, and bought trees from the State Bureau of Forestry at a very nominal price. Another was able to obtain lumber from the regional cooperative wholesale (which had its own mill) for \$60 per thousand feet at a time when it was selling locally for \$80 to \$90.

A third made savings on practically all the lumber needed for the houses. Various sizes were bought from a small sawmill operator for \$69 per thousand; lumber prices then ranged from \$80 to \$95, depending on size. The members hired a truck and hauled it to the project themselves. For \$40 per thousand feet, suffi-

cient 6x12 beams for the entire project were obtained from an obsolete shipyard, with the members again doing the hauling. When air-base barracks were put up for sale as surplus, the members took turns standing in line for 1½ days and were thus able to earn a priority to buy one building. All the members and their wives then held a "bee," the men dismantling the building and the wives pulling out the nails.

Some ventures proved to have involved a loss, not a saving. Thus, one cooperative bought lumber at a very moderate figure. So long a time elapsed before the association got into construction, however, that the saving was more than counterbalanced by loss of interest on the money "frozen" in the purchase and by cost of storage.

Many co-ventures had to provide their water-distribution system. Although expensive, such systems were expected to return substantial savings in the long run. Various intended uses of these earnings were reported, such as for community purposes, for patronage refunds to members, for payment into a reserve to be used (with surplus from certain other activities) as a "cushion" to assist families behind in their payments as a result of unemployment or illness, and for retirement of outstanding preferred stock.

Several associations made unusually good "buys" in land so that the average per lot was considerably below the price charged for adjoining plots, even when the development cost was included. Others obtained unusually low prices by buying tax-delinquent land. Two associations which bought more land than they needed, because the whole tract had to be taken, sold the excess to such good advantage that in one case the net cost of the remainder was reduced to \$138 per acre and in the other, part of the cost of improvements was thus met.

Some associations had construction contracts whereby any savings effected during construction were to be shared by association and contractor. In certain cases savings were substantial. One association, whose total project cost nearly \$15,000,000, had a contract providing that any loss from estimated cost would be borne by the contractor; profits between 5½ and 7½ percent were to be divided equally be-

tween association and contractor; all above 7½ percent would go to the cooperative. Only part of the project had been completed when the study was made, but savings of about \$400,000 were expected on the first section. One Midwest cooperative, by building all its houses at once, received a voluntary reduction from both architect and contractor who reduced their fees from 10 to 7 percent. This meant a saving, per family, of \$210 to \$330 in cost of house plan and of \$320 to \$510 in cost of construction. In a third case savings of \$100 to \$500 per house were made under a contract arrangement, and in a fourth saving of nearly 10 percent per dwelling.

Some associations made savings in interest rates by having a single blanket mortgage. Incorporation under certain types of laws (limited dividend and redevelopment laws) brought certain other savings, in taxation and on land. These savings did not accrue through the cooperative method, however; similar advantages are available to any organization incorporated under the same law.

Other Sources of Savings

Some associations were assisted by receiving the services of professional members (architects, attorneys, builders, engineers, accountants, and others) either contributed free or provided at reduced rates. Others were the beneficiaries of professional assistance donated by nonmembers. A few made savings by wholesale purchases of one or more commodities (such as water, electricity, and gas) which they then distributed at retail to their members. Other wholesale purchases (with consequent savings) included building materials and movable equipment for the houses. Money was also saved by quantity discounts on large purchases of heating and plumbing equipment, furniture, appliances, garden tools, and grass seed, and collective purchase (through buying clubs among the members) of such items as fuel oil, milk, gasoline, motor oil, and automobile tires.

Financing of Projects

In the cooperatives' search for financing, a number reported tacit or overt opposition. Others received no discouragement but were

kept waiting indefinitely for a decision. Lack of local acceptance of proposed building designs, fear that the project would fall below the community standard and thus depreciate property values, ignorance of the cooperative method, lack of confidence in the cooperative as a credit risk or in its ability to carry the project through to completion, unwillingness to depart from the established pattern of financing, and local failure to accept the interracial make-up of the association all seem to have figured in the situation in various instances.

Sources of Funds

The money needed for land and down payment was largely supplied by the members themselves. For construction, however, other sources were relied upon for about three-fourths of the necessary amount (table 18). The mutuels had no outlay for either land or construction, having bought their projects already built; the members of the 23 associations reporting had only to supply the down payment, which they did, 100 percent.

Construction funds: Among the 4 all-the-way cooperatives studied, one had a construction loan payable directly to the cooperative. In another the members furnished the money to build the first five houses; a separate mortgage loan was obtained on each succeeding house, payable to the association, both the association and the member residing in the house being parties to the contract. In a third organization—a self-help group—the members did their own financing.

Various methods were used by the co-venture associations. Among those that arranged for and carried out the building of the houses, loans were obtained in 6 cases by individual members who then turned the money over to the cooperative; in one of these the money was put into a common fund from which payments were made on certification by the lending agency that supplied the permanent financing. In two associations a single loan was made directly to the cooperative, and in another a master commitment for all the houses was negotiated by the association and individual arrangements were made within the framework of this commitment. One association's members financed the first 3

COOPERATIVE HOUSING IN THE UNITED STATES

TABLE 18.—Sources of funds for purchase of land, construction, and down payment

Status and type of association	Money for land				Construction funds				Money for down payment						
	Number of associations reporting	Amount from—		Percent from—		Number of associations reporting	Amount from—		Percent from—		Number of associations reporting	Amount from—		Percent from—	
		Members	Other sources	Members	Other sources		Members	Other sources	Members	Other sources		Members	Other sources	Members	Other sources
<i>Active</i>															
All-the-way cooperatives:															
Associations building houses.....	4	\$60,750	\$32,500	65.1	34.8	2	\$91,000	\$380,500	19.3	80.7	2	\$210,000	\$531,900	28.3	71.7
Apartment associations.....	3	2,564,832	-----	100.0	-----	10	2,833,500	9,291,075	23.4	76.6	7	6,292,448	-----	100.0	-----
Mutuals with purchase agreements.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	23	2,338,284	-----	100.0	-----
Associations in preconstruction stage.....	1	47,471	-----	100.0	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Co-ventures building houses:															
Construction stage reached.....	27	828,792	393,850	67.8	32.2	6	462,027	1,741,884	20.9	79.1	6	268,327	228,384	53.9	46.1
In preconstruction stage.....	3	95,743	-----	100.0	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total.....	38	3,597,588	426,350	89.4	10.6	18	3,386,527	11,413,459	22.9	77.1	38	9,109,059	760,284	79.6	20.4
<i>Dissolved</i>															
Co-ventures, projects completed.....	3	32,600	-----	100.0	-----	3	210,000	5,170,000	3.9	96.1	(¹)	(¹)	(¹)	(¹)	(¹)
Co-ventures, projects not completed:															
Some construction.....	7	437,595	150,600	74.4	25.6	3	164,590	608,232	21.3	78.7	1	151,830	-----	100.0	-----
No construction.....	6	84,462	423,400	16.6	83.4	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total.....	16	554,657	574,000	49.1	50.9	6	374,590	5,778,232	6.1	93.9	1	151,830	-----	100.0	-----

¹ No data.

houses; the association obtained construction funds for the rest by acting as agent for the individual members. A self-help association set up a revolving fund to which each member contributed \$1,000; this fund was used to finance the building of 3 houses at a time, the fund being replenished from mortgage money raised on individual houses as completed. A similar revolving fund supplied by the American Friends Service Committee financed construction on two other self-help projects of one association. In one small group, operating under a trusteeship plan, both construction and permanent financing were furnished by one lending agency; in this case the loans were made to the trustee, with all the members as co-signers. The contractor financed the construction for another association. A third association, which was building its first few houses with private financing, expected to get permanent financing from local banks when they were completed.

In the co-venture associations on which cooperative effort did not extend to the construction stage, the members obtained their financing individually.

In one dissolved co-venture that had completed its project, each member made a down payment of \$600; he then obtained a loan at 4 percent from a local trust company and as-

signed it to the cooperative, which acted as his agent. A VA guaranty was obtained for the full appraised value.

In all five cases in which data on construction financing were obtainable for the apartment associations, this was raised through a loan made directly to the cooperative.

Permanent financing: To meet the down payment on the long-term cost, the members of the all-the-way cooperatives building houses raised 28 percent, then borrowed the rest from banks and other sources. Among the co-ventures, loans were obtained from a variety of sources, including savings banks, commercial banks, local building and loan associations; an insurance company, and a credit union.

In all 7 of the apartment projects reporting, all of the down payment was paid by the members. Until 1949 the New York limited-dividend law, under which most of the newer apartment projects were operating, required a down payment of 33 $\frac{1}{3}$ percent of the project cost; the mortgage could not exceed 66 $\frac{2}{3}$ percent. The required down payment was reduced to 20 percent by the 1949 legislature.

Purchase arrangements among the mutuals varied widely. In 14 cases, mortgage financing by the Government was part of the arrangement of purchase. In 5 of these the association

had made no down payment. Three of the 5, however, were credited with the small surplus⁴ accumulated while their projects were under Government ownership. In one case this reduced the mortgage by 8.4 percent; in the other two by 1.6 and 0.6 percent, respectively. Of 9 other projects in which the Government held the mortgage, 4 had made a down payment of 5 percent and 4 of 10 percent. The remaining mutual had bought one of the subsistence-homesteads projects built in the mid-1930's. It had made no down payment; just as the study was begun it negotiated a mortgage with a lending agency whereby it paid up its indebtedness to the Government in full.

Most of the 10 mutuals which had private financing made down payments amounting to 10 percent (6 associations); the other associations had paid 12, 13½, 14, and 15 percent, respectively, depending on the liberality of mortgage coverage negotiated.

The average for the 18 mutuals that made a down payment was just under 10 percent. The members had raised all of this without the aid of lending institutions and paid, altogether, over 2¼ million dollars.

Financing of utilities: Data on the method of financing the utilities are available for only two associations — one an all-the-way cooperative and the other a co-venture.

The all-the-way cooperative installed a water system for \$33,000, toward which the members contributed \$21,000. A bank lent \$3,500 for 1 year on a first mortgage bearing 5 percent interest, and an individual lent \$8,500 at the same rate. The bank loan had been reduced to \$2,500 by mid-summer 1950.

The co-venture had carried out two projects on two sections of the same tract of land (see fig. 15). Water and sewer systems had to be installed. This involved sinking a 350-foot well, putting in pumping machinery, and building a pump house; also building a mile-long connection to the city sewer system and laying sewer pipes within the project. To finance the water system, each member was required to buy six shares of preferred stock, at \$50 a share; bonds

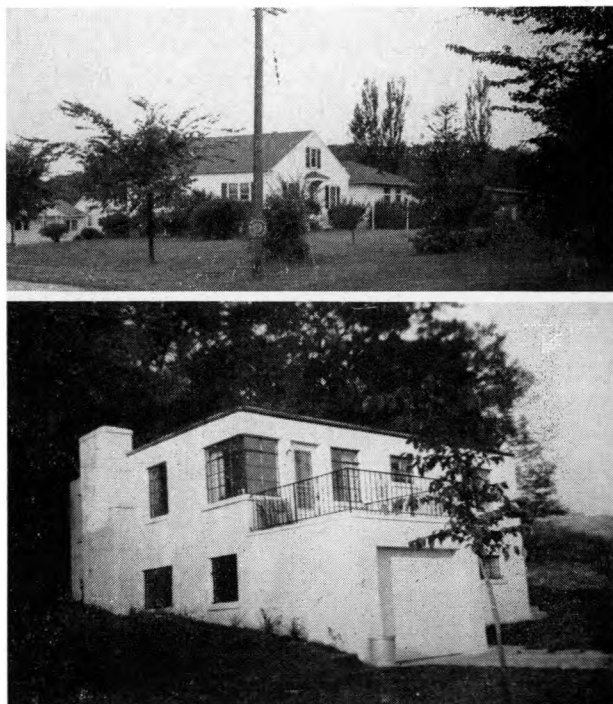


FIGURE 15.—Prewar (lower) and postwar (upper) dwellings at Crestwood, co-venture project of Wisconsin Cooperative Housing Association, Madison, Wis.

totaling \$7,000 were also issued. For the sewer system, \$11,000 in preferred stock subscribed by the members was turned over to a separate sanitary district organized by the cooperative, the latter receiving in return 30-year assessment bonds paying 5 percent interest. Most of this preferred stock had been retired by 1946.

Extension of the utilities to the cooperative's second project involved an outlay of \$69,000. Of this amount \$25,000 was supplied by the members, \$7,000 was borrowed from a bank at 4 percent, and \$37,000 (at 4 percent) came from other sources. All of this indebtedness had been paid by mid-1950.

Mortgage Indebtedness

Information on the original and present⁵ mortgage indebtedness was available for 32 active associations (table 19), and the sums in-

⁴ I. e., the difference between the tenants' total payments and the actual operating costs. This arrangement was part of the agreement under the so-called Westbrook plan (applicable to 8 projects built under the Lanham Act) at the time the projects were built.

⁵ "Present" indebtedness, for purposes of the survey, was that indebtedness represented by the association's latest financial statement (i. e., for the period ending Dec. 31, 1949, or any later date up to July 30, 1950).

volved reflect the newness of most of the housing cooperatives. The only group that had repaid much of its long-term debt consisted of the co-venture associations, which had paid off over half of their mortgages. Next in order were the apartment projects. Even including two big new associations that had not begun to amortize their mortgages, the whole apartment group had reduced the principal by 22.8 percent. The mutuels as a group had concluded their purchases too recently to have repaid much of their indebtedness—only 1 percent. Of the mutuels for which the date of the final sales contract was obtained, 8 had received it less than a year previously, in 8 cases less than 2 years had elapsed, and in only 8 cases had 2 or more years elapsed.

Data on amounts paid in amortization in 1949 by apartment associations are available for 9 of the older associations. These had paid a total of \$31,870, in amounts ranging from \$1,000 to \$6,649 per association. Despite the length of time since the buildings had been acquired by the cooperative, 3 associations were still paying more in interest than in amortization. One association that started with a \$60,000 mortgage in 1924 completed payment of the principal in 1948.

Among the mutuels none was in arrears on either interest or principal as of July 1950.

TABLE 19.—Mortgage indebtedness of active housing associations

Type of associations	Associations reporting	Mortgage indebtedness		
		Original amount	Present amount	Percent paid
All-the-way cooperatives:				
Associations building houses.....	1	\$367,900	\$367,900	-----
Apartment associations.....	9	27,020,155	20,845,279	22.8
Mutuels with purchase contracts.....	19	23,474,036	23,147,180	1.4
Co-ventures.....	3	230,384	99,000	57.0
Total.....	32	51,092,475	44,459,359	13.0

The rates of interest paid, in relation to the year in which the finance arrangement was made and the period of mortgage, are shown for each type of association in table 20.

The interest rates paid generally reflect the rates current at the time the mortgage agreement was concluded; they may also reflect the record, the standing, and the bargaining power of the association. The cooperatives building

TABLE 20.—Interest rate, and year and period of mortgage in housing associations

Item	All-the-way cooperatives						Co-ventures	
	Houses		Apartments		Mutuels		Number of associations	Interest rate
	Number of associations	Interest rate	Number of associations	Interest rate	Number of associations	Interest rate		
<i>Year of mortgage</i>		<i>Percent</i>		<i>Percent</i>		<i>Percent</i>		<i>Percent</i>
1920.....			1	4½				
1929.....			2	5				
1939.....					1	3		
1947.....					12	3		
					1	3½		
					21	0		
					12	3		
1948.....	1	5	1	4½	4	3½		
					3	4		
1949.....	1	5	2	3½	5	4	1	4
					1	4½	1	5
1950.....	1	4	1	4	1	3½		6
					1	3		
1951.....					3	4		
					1	3		
Total.....	3		9		25		3	
<i>Period of mortgage</i>								
Less than 15 years.....	2		3				1	
15 years.....					3			
20 years.....			1		1			
25 years.....			2		9		1	
30 years.....					2			
Over 30, but under 35 years.....	1		2					
40 years.....			1		4			
45 years.....					5		5	
Total.....	3		7		24		3	

¹ Westbrook projects (i.e., built under the Lanham Act, that were earmarked for postwar mutual purchase at the time that they were built).

² Puerto Rican project.

³ Second mortgage.

⁴ Originally; now 5 years.

⁵ Mortgage carries no time limit.

houses seem to have paid higher rates than either the apartments or mutuels. Among the mutuels, all of the Westbrook projects⁶ covered in the study received the same terms—45 years at 3 percent interest—regardless of the year in which the purchase agreement was signed. These were the terms agreed upon at time of construction; they were made mandatory in May 1950. Among the other projects on which the mortgage is held by PHA, those concluded in 1948 bore 3½ percent interest; those in 1949, 4½ percent;⁷ and those in 1950, 4 percent. All of the mutuels obtaining private financing in 1948 paid one-half of 1 percent more interest than did those with PHA mortgages concluded

⁶ Those built under the Lanham Act, that were earmarked for postwar purchase by mutuels, when they were built.

⁷ This was during the "cash only" period in which PHA rates were deliberately made the same as those of FHA, including the insurance premiums.

in that year; the situation was reversed in 1949. In 1950, of those privately financed, one paid the same rate as under PHA, and one paid one-half percent less.

Seven mutuals had been financed from various sources, including a regular lending agency, a savings bank, a life insurance company, a trust company, and a public employees' retirement fund.

The amount of original mortgage financed at specified rates of interest is shown, for the different types of association, in table 21.

TABLE 21.—Amounts of original mortgage indebtedness financed at specified interest rates

Interest rate	Total	All-the-way cooperatives			Co-ventures
		Houses	Apartments	Mutuals	
3 percent.....	\$9,972,191			\$9,972,191	
3½ percent.....	29,166,389		\$24,674,472	4,491,917	
4 percent.....	11,758,220	\$367,900	852,000	10,465,320	\$73,000
4½ percent.....	3,635,388		2,589,388	1,044,000	
5 percent.....	1,773,929	11,650	1,608,895		153,384
6 percent.....	4,000				4,000
Total.....	56,308,117	*379,550	*29,724,755	*25,973,428	*230,384

¹ Includes mortgage for one association recently refinanced at 3¾ percent interest.
² 3 associations reporting.
³ 9 associations reporting.
⁴ 23 associations reporting; does not include 1 Puerto Rican project, with noninterest-bearing mortgage of \$541,800.

In all but two cases only first mortgages were outstanding against the associations. One co-venture had both a first and second mortgage, held by a labor organization that sponsored the project; these mortgages carried interest at 5 percent but had no time limit. One small apartment-house project also had two mortgages, one running for 25 years at 5 percent and the second for 5 years at 4½ percent.

None of the co-venture mortgages had been refinanced. Two of the apartment-house mortgages had been refinanced at a lower rate of interest. One mutual—a subsistence-homestead project—had refinanced its mortgage, replacing the PHA blanket mortgage by mortgages on the individual units, obtained from a regular lending agency. The association was thus enabled to pay off the Government mortgage, but the transaction raised the members' interest rate from 3 to 4 percent and reduced the period of amortization from 40 years to 25.

The three reporting all-the-way cooperatives building houses were paying their mortgage

indebtedness on the level-payment basis.⁸ Two were making their payments each month, and one each quarter. No data were available on this point for the three co-venture associations with blanket mortgages (in most associations of this type the individual members, not the co-operative, made the mortgage arrangements).

Of four apartment associations reporting, three made their amortization payments monthly, on the level-payment plan. The fourth had originally paid on this basis but at the time of the survey was paying quarterly on the declining-payment plan.

Of the reporting mutual associations with purchase contracts, all but the Westbrook projects were making monthly payments on the level-payment plan.

Mortgage Insurance

Legal situation: No specific legal authorization of mortgage insurance for cooperatives existed prior to 1948 (except for mutuals⁹). It was therefore practically impossible for a co-operative to get either collective financing or collective insurance. Associations starting with the intention of being all-the-way cooperatives had to abandon their plan and become co-ventures. Under co-venture organization it was possible for members to obtain individual mortgages and insurance, and the majority did so.

Early in 1948 an amendment to the National Housing Act specifically included cooperatives among those eligible for FHA insurance.¹⁰ However, in the absence of special machinery and regulations¹¹ to deal with cooperatives, few received insurance. The associations were unacquainted with FHA procedures, and FHA was equally inexperienced in the ways of cooperatives. Few associations, lacking an insurance commitment, could get financing from recognized lenders. Those that were successful had to take mortgages of much smaller coverage, so that the members' down payments ranged up to 40 percent.

⁸ Under this plan the total periodic payment remains unchanged. However, as time goes on, an increasing share goes to payment of principal and less to payment of interest.

⁹ Public war housing, sold by PHA to mutuals, could be insured by FHA under Section 610 of the National Housing Act, approved Aug. 5, 1947.

¹⁰ In Section 207 (f).

¹¹ The FHA regulations covered Section 207 as a whole, but not paragraph (f)—cooperatives—specifically.

Three of the cooperatives covered in the study received FHA insurance in 1948; two of these were mutuals. In 1949 a mutual association and a co-venture received insurance.

In 1950 an amendment to the National Housing Act (Sec. 213) created a new program of insured mortgages for housing cooperatives and established the office of a new assistant commissioner of the FHA which was directed to assist cooperatives with organizational and technical problems. Under this amendment a definite insurance program for cooperatives was started, regulations were drawn up to deal with them, and a "kit" of materials was issued for the use of associations planning to apply for FHA insurance.¹² Procedures were crystallized and processing speeded up under the new arrangement. Builders or others benefiting from the project in a pecuniary way were prohibited from acting as incorporators or officers of cooperatives. However, in many cases the organizations accepted as cooperatives do not conform to the accepted definition of "cooperative" (see p. 1). In such cases, according to the FHA, "the initiative for the project has come from a sponsor builder who organizes the nucleus of a cooperative group and through it submits plans to the FHA with an application for a statement of eligibility. Upon receipt of a statement of eligibility (issued to the cooperative group), the sponsor advertises for the members necessary to complete the cooperative. A mortgage is obtained, the insurance commitment issued, the project is built, and then management and control are assumed by the cooperative group." The FHA believes that this method "provides expert skill and know-how in the critical organization, planning, and construction stages." However, it is a reversal of the recognized cooperative procedure.

Insurance status at time of survey: Of 5 all-the-way cooperatives building houses, two had FHA insurance.

Among the co-ventures in which house construction was carried on under a master contract with the association, 3 had FHA over-all insurance. These guaranties covered 24, 126,

and 73 units, respectively. The veterans' groups ordinarily had FHA insurance or VA guaranties or a combination of the two. In most cases, however, it was the individual member, not the association, that received the coverage.

Four of the apartment associations (5 projects) had FHA insurance. In one, neither the number of units nor the total amount was reported. In the other 3 (4 projects), the insurance covered 1,758 dwellings, in a total amount of \$15,801,700.

Among the mutuals, 5 (whose mortgages were held by regular lending institutions¹³) had FHA insurance; 1,280 units were insured, in an aggregate amount of \$3,207,100. The RFC (through the Federal National Mortgage Association) had bought the mortgage from lenders in two cases. One of these mortgages had not only FHA insurance for \$50,000 but also a VA guaranty for \$60,000 backed by individual notes of \$1,200 per member.

Of the dissolved associations that had completed their projects, two had FHA insurance. One of these, a veterans' cooperative with 315 dwellings, had 100 percent FHA insurance and a 90-percent VA guaranty on a total of \$2,499,000. The other association did not report the dwellings or amount insured. A third association had a VA guaranty, but gave no figures.

Three of the 7 dissolved associations that built some houses before going out of existence had FHA insurance on 91 units, aggregating \$768,000. One of these also had a VA guaranty on 18 units for \$175,000 (matching the amount of FHA insurance). Another association had FHA insurance on 22 units, amount not reported, and in a fifth association the members obtained individual commitments.

Financial Status

Of the all-the-way associations, 3 had operating deficits. In one it was caused by the low rentals charged for the farmhouse on the property, and in the second by the preconstruction expenditures (these were capitalized as part of the investment). In the third association, the annual deficits were deliberate; in order to insure the nonprofit aspect of the organization,

¹² A description of the new program, the help available, and the steps to be taken by cooperatives in order to obtain insurance is given on pp. 64 and 130.

¹³ Such sources could be drawn upon only with the assurance that FHA insurance or VA guaranty would be forthcoming.

the budget was set as low as possible and the deficit was incorporated in the following year's budget.

In one co-venture, the dwellings of which were constructed for individual members, the association had installed all the utilities. These had been entirely paid for at the time of the study and the association had \$7,000 in the bank. The disposition of this sum would be voted upon by the members. Another association of the same type had completed its project, paid all its bills, and had a surplus of \$6,500 which, after a reasonable time (to allow for any unforeseen expenditures), would be divided among the members. A third cooperative planned to use its \$600 surplus for developing a natural lake on the property. Still another had a surplus of \$600 which was to be used in improving the 2-acre park area. A Far West association had \$3,000 in the bank after paying all its bills, which was earmarked to be used for various community purposes.

Among the co-ventures only those with some kind of common property, such as utility sys-

tems or recreational facilities, had any continuing assets or net worth.

The assets and net worth of 22 associations as given in their latest financial statement are shown in table 22. Most of the apartment associations included were old organizations, two of which were in a serious plight; one had had to borrow from one of the members in order to make its 1949 payment on the mortgage. The association with the best showing (No. 7) was a Negro cooperative, started in 1923.

The mutuals had built up comparatively little net worth, because they had been paying on their properties only a short time. None reported operating deficits, but one said that its statement might show a deficit when depreciation was charged off.

Cost to Member Entrance Charges

From half to two-thirds of the housing associations charge a membership fee; this varied from \$1 to \$370 in the reporting associations. Some impose no fee, but do levy charges to be paid at time of joining the association, and others impose both fee and charges. The "charges" for the most part are applied on the purchase of shares in the organization or on the member's share of land price, plus cost of development. Three of the co-venture associations also require monthly dues of 25 cents, \$1, and \$2, respectively. In the apartment associations a flat amount per room is usually required and is applied on the cost price of the unit. Most of the old apartment associations, regardless of their original procedure, now charge no membership fee. Among the newer associations, one charged \$10, one \$25, and one \$200.

The total amount the new member must be prepared to pay at the time of joining, including both membership fee (if any) and other charges, ranged in the reporting associations from \$1 to \$3,040. The latter amount included a \$20 membership fee and the cost of the highest-priced lot in the project. In nearly half of the associations, the initial amount required from the member did not exceed \$50 (table 23). In about a twelfth of the associations the amount exceeded \$500.

TABLE 22.—Assets and net worth of housing associations¹

Type of association	Total assets	Net worth	
		Amount	Percent of assets
<i>Active</i>			
All-the-way cooperatives:			
Apartments—			
Association No. 1.....	\$110,031	\$45,016	41.0
Association No. 2.....	76,538	17,787	23.2
Association No. 3.....	27,328	210,405	-----
Association No. 4.....	31,186	230,639	-----
Association No. 5.....	73,760	20,348	27.6
Association No. 6.....	96,287	36,480	37.9
Association No. 7.....	39,034	31,632	81.0
Association No. 8.....	4,494,991	1,458,839	32.5
Mutuals—			
Association No. 1.....	723,450	178,298	24.6
Association No. 2.....	795,808	47,824	6.0
Association No. 3.....	5,055,728	582,012	11.5
Association No. 4.....	1,063,226	16,175	1.5
Association No. 5.....	817,735	143,391	17.5
Association No. 6.....	1,084,458	92,388	8.5
Co-ventures—			
Association No. 1.....	1,147,885	24,312	-----
Association No. 2.....	25,966	5,040	19.4
Association No. 3.....	128,679	727	.6
<i>Dissolved</i>			
Project not completed, some construction:			
Association No. 1.....	138,919	31,600	22.7
Association No. 2.....	87,172	22,818	-----
Project not completed, no construction:			
Association No. 1.....	22,291	14,580	65.4
Association No. 2.....	7,378	6,880	93.2
Association No. 3.....	803,668	656,671	81.7

¹ From financial statement of latest business year—usually 1949 or early 1950.
 * Deficit.

TABLE 23.—*Cost of joining housing associations,¹ by amount required*

Amount required of new members ²	Active associations				Dissolved associations		
	All-the-way associations			Co-venture associations	Project completed	Project not completed	
	Houses	Apartments	Mutuals			Some construction	No construction
	Number of associations charging specified sums						
No charge.....	1	2					
\$1.....			1	1	1		
\$5.....	1	2	3	2			
\$10.....		2	6	3	1		3
\$11-\$20.....							
\$25.....		1	2	3	1		1
\$50.....			3	3		1	1
\$51-\$100.....			2	3		1	1
\$101-\$149.....				2			2
\$150.....				4			
\$151-\$200.....		1	2	2		1	1
\$201-\$300.....			2	2	2	2	1
\$301-\$400.....	1		2	1	1		2
\$401-\$500.....			1	1	2		2
\$501-\$750.....				2		2	
\$751-\$1,000.....							1
\$1,001-\$1,500.....				2			
\$1,501 and over.....	1			2			
Total.....	5	8	27	33	8	7	14

¹ Includes membership fee and other requirements.

² And must accumulate \$3,000 (to cover cost of land and its development) before becoming a full member.

³ Includes 1 association charging monthly dues of \$1 and 1 association charging monthly dues of \$2.

⁴ In 1 of these the membership charge is \$10 per room and the member must also subscribe for stock to the total amount of the price of his unit.

⁵ One association also required payment amounting to 2 percent of the estimated total cost of dwelling.

⁶ Including 1 association charging monthly dues of 25 cents.

Price of Unit

An extremely wide range of dwelling prices was revealed, even among the units of the same type of association. Among the all-the-way cooperatives building houses the range was from \$7,000 (minimum price) for a 2-bedroom house to \$18,000 (maximum) for a 3-bedroom house. None of these associations had built dwellings containing fewer than 2 bedrooms. Among the co-ventures, the range was from \$4,500 (minimum) for a 1-bedroom house built by a self-help group to \$30,000 (maximum) for a 4-bedroom house.

Among the apartment associations the charge per room ranged from \$250 (in one of the old buildings) to \$2,800. By size of dwelling, the range was from \$750 for a 1-bedroom unit to \$14,000 for one of 3 bedrooms. The smallest range occurred in the mutual associations—\$932 for a 1-bedroom unit to \$3,955 for one of 3 bedrooms. (See also pp. 50 and 51 for discussion of relation of price to living space provided.)

The effect of rising prices in the past 10 years is graphically illustrated by the figures for the dissolved associations that completed their projects. The cost of a 2-bedroom dwelling built before the war was \$3,750; the same size house built just after the end of the war cost \$6,050; and the 1950 cost averaged about \$10,000. A 3 bedroom-house built almost entirely by self-help before the war cost \$2,750¹⁴; the corresponding figure for the postwar self-help associations was \$6,000. In one co-venture which built houses both before and after the war, the prewar cost of a 3-bedroom house was \$7,500; the postwar cost of a 4-bedroom house was \$18,000.

Member's Down Payment

Three of the four all-the-way cooperatives building houses reported on down payments. They required 11½ percent, 33⅓ percent, and 40 percent, respectively, of the total dwelling cost. This meant an outlay for the member of from \$1,800 to a maximum of \$8,000. The down payment could be paid in installments in 2 of the 3 associations—within 3 months in one case and within 3 years in the other. It had to be completed within 1 year in one association, within 3 years in the second, and before the start of construction in the third. None of these associations had any arrangement whereby members could borrow to meet the down payment.

Two self-help co-venture associations reported that no down payment was required. In three other associations the payment was 20, 25, and 33⅓ percent of the total price of the house, or from \$2,000 to \$9,600. The remaining associations could not supply information, because the amount and percent of the down payment varied with the individual's mortgage agreement. None of these organizations reported any provision by which a member could borrow to meet his down payment.

A majority of the apartment associations required a flat amount as down payment, ranging in the reporting associations from \$100 to \$2,000. In a few of the older associations as

¹⁴ This cost represented mainly the cost of materials and plastering. Practically all construction was done by the members and even the building material (native stone) was quarried by them from a deposit on the site.

well as those operating under the limited-dividend law, the down payment varied with the number of rooms, a flat rate per room being required. In the associations for which there are data, the amount per room ranged from \$200 to \$675. In relation to total dwelling cost, the required down payment ranged from 12 to 40 percent. In three new associations the down payment must be made, respectively, before construction started, when construction started, and before the deed of lease was drawn. In no case was there any provision for payment in installments. Only the projects sponsored by the Amalgamated group in New York had any arrangement through which members could borrow, to enable them to make the down payment. In these projects, loans could be arranged from the Amalgamated Bank, or from the association's "housing fund."

In the mutuals, the down payment required from the member in the reporting associations varied from 5 to 20 percent, but was commonly 10 percent.¹⁵ For the associations for which the amount of down payment was known, the range was from nothing (3 associations) to \$455 (2 associations). The average for those requiring a down payment was \$251. In most cases the members paid only the amount required, but in one case extra payments raised the average for the group to \$294.

The mutual associations varied in the time required for the down payment to be made. One asked for it "immediately," and others required it when the member joined the association, when he moved in, when he signed the contract for the purchase of his dwelling, before the sale was closed, and by the date the association took over the project. No provisions were reported by which a member could pay in installments or by which he could borrow to make his payment, but a few reported that some of the members had negotiated private loans.

In the dissolved associations that had completed their project, the down payments required varied from \$300 to \$650. In one case, the payment had to be made when the member joined and in another when the sale was closed; the remaining associations did not report on

this point. The down payment required by the associations that did not succeed in completing their projects, though building a few houses, was considerably higher than in the group discussed above. The lowest amount was \$500, but ranged up to \$2,500. In terms of total house cost, the down payment was 10 to 20 percent. One association each required the down payment to be completed by the time the mortgage was approved, when the house was started, when it was completed, and when title was transferred. None of the dissolved associations had any source from which members could borrow to meet the down payment.

TABLE 24.—Average down payment required, by amount and percent of total cost of unit

Required down payment	Active associations					Dissolved associations	
	All-the-way associations					Project completed	Project not completed, some construction
	Houses	Apartments		Mutuals	Co-venture associations		
	Flat amount	Per room					
Average amount required.....	\$3,500	\$925	\$390	\$251	\$3,640	\$469	\$1,380
Number of associations with specified requirement							
None.....				3	2		
Under \$100.....				2			
\$100-\$199.....		1		1			
\$200-\$299.....		1	3	2			
\$300-\$399.....		2	1	2		2	
\$400-\$499.....				2			
\$500-\$999.....		4	3			2	1
\$1,000-\$1,499.....		4					1
\$1,500-\$1,999.....		3					
\$2,000-\$2,999.....	1				2		2
\$3,000-\$3,999.....	1	1			1		
\$5,000 and over.....	1				1		
Percent of total cost of unit:							
None.....				3			
5.0-9.9.....		2		1		1	
10.0-14.9.....	1			7		3	2
15.0-24.9.....		2		1		1	1
25.0-34.9.....	1	1			2		1
35.0-39.9.....		1					
40.0 and over.....	1						

Carrying Cost to Member

Only one all-the-way cooperative building houses had progressed to the point of knowing what the member's monthly carrying charges would be. Among the apartment associations only those actively building were visited in the survey, and of these only three had had as much as a year's operation. Fifteen mutuals furnished data on carrying costs. No information on this point was available for the co-ventures, because in them the individual mem-

¹⁵ The associations' mortgages never required them to pay to the Government more than 10 percent down; in most cases either no payment was required or the amount was set at 5 percent.

bers made their own financing arrangements, of which the association had no record.

The average monthly cost varied widely and was the result of a considerable number of variables, such as the total cost of the dwelling, the period in which the mortgage must be paid, the rate of interest, the level of real-estate taxes, the amount of insurance carried, and the utilities and services (if any) included in the monthly "rental" (table 25).

In the association providing houses, the monthly carrying charge per member was more than \$60 above that in the lowest-cost mutual. Among the mutuals, because of the very moderate purchase price of the units, the average rentals were lower than in the apartments built for the members by their own organizations.

In 12 of the 15 mutuals, the members' average monthly payments were less than \$45 a month.

All but one of the reporting apartment projects were in New York where (under the limited-dividend law) the maximum rentals per room are fixed by the State Housing Division. Even in New York City, apartments in the older buildings of the Amalgamated Housing Corporation rented for \$11 per room per month until recently. Upon the expiration of the 20-year tax exemption conferred by the law on these buildings, the association had to raise the amount to \$11.95 to cover the cost of the taxes. In its new buildings the average payment per room is \$15 per month.

Even among the mutuals there was an extreme variation in monthly costs to the members. These charges were quite largely determined by the terms of the purchase agreement and, of course, management efficiency, but other factors also influenced the total. Among these were the kind and amount of services and

TABLE 25.—Monthly cost of dwelling unit per member, in all-the-way cooperatives, by cost item and year

Item	Houses— Association No. 1: 1950 ¹	Apartment associations					Mutual associations									
		Asso- ciation No. 1: 1949	Asso- ciation No. 2: 1949	Association No. 3		Association No. 1			Association No. 2		Asso- ciation No. 3: 1949	Association No. 4			Asso- ciation No. 5: 1949	
				1948	1949	1947-48	1948-49	1949-50	1948	1949		1947	1948	1949		
Amortisation of principal	\$13.00	\$10.67	\$9.00	\$10.04	\$10.15	\$12.27	\$12.77	\$13.29	\$16.35	\$20.38	\$9.65	\$8.38	\$8.38	\$8.38	\$6.52	
Interest	35.00	19.73	23.00	5.95	5.80	9.92	9.42	8.90	11.20	9.49	6.76	7.36	7.12	6.86	8.95	
Real-estate taxes and insurance	13.00	4.26		3.17	5.73				8.09	7.69		2.13	8.33	8.17	5.20	
Utilities and services	² 18.00	³ 8.44		³ 8.15	³ 5.84				⁴ 8.90	⁴ 8.18					4.48	
Management	2.00	3.20		3.35	3.84				2.72	2.96		6.34	4.08	4.63	2.71	
Maintenance and repairs	5.00	9.15	35.00	8.86	9.83	⁶ 22.03	⁶ 22.03	⁶ 22.03	4.20	4.35	⁶ 15.00	6.80	6.80	6.80	5.25	
Vacancy allowance									.95	.92						
Other reserves	4.00								1.88	.73					13.91	
Other expenses		1.49							2.03	1.42		4.40	4.40	4.40		
Total	90.00	56.94	67.00	39.52	41.19	44.22	44.22	44.22	56.32	56.12	31.41	35.41	39.11	39.24	43.02	
Year mortgage obtained	1949	1948	1948	1939-46	1939-46	1948	1948	1948	1948	1948	1949	1947	1947	1947	1948	
Mutual associations—Continued																
		Association No. 6		Association No. 7			Asso- ciation No. 8: 1949-50	Asso- ciation No. 9: 1949	Association No. 10		Association No. 11		Asso- ciation No. 12: 1949	Asso- ciation No. 13: 1949	Asso- ciation No. 14: 1949	Asso- ciation No. 15: 1949
		1948	1949	1947	1948	1949			1948	1949	1948	1949				
Amortization of principal	\$7.98	\$8.27	\$5.64	\$5.64	\$5.64	\$6.92	\$8.12	\$7.10	\$7.10	\$7.02	\$7.02	\$8.83	\$13.28	\$14.42	\$5.78	
Interest	15.03	14.74	7.36	7.19	6.89	6.10	6.66	6.28	6.28	6.21	6.21	6.21	6.21	6.11	11.98	
Real-estate taxes and insurance	9.59	9.70	4.36	4.54	5.13	6.76	6.54	7.61	7.61	7.58	7.58	3.75	8.53	6.11		
Utilities and services	⁷ 19.49	⁷ 19.11	³ 3.37	³ 3.32	⁵ 2.75	4.39	⁴ 14.59			⁸ 4.78	⁸ 4.78	⁹ 3.25	¹⁰ 6.99	¹⁰ 9.20		
Management	5.27	5.27	3.30	2.87	2.57	2.57	3.25	2.54	2.54	2.34	2.34	1.75	1.96	1.99		
Maintenance and repairs	6.01	6.77	5.37	9.64	8.69	4.01	6.29	5.71	5.71	6.21	6.21	4.50	.87	1.97	22.53	
Vacancy allowance	2.78	2.78					2.35	3.57	3.57	3.47	3.47	.62				
Other reserves	3.90	3.90				7.82	.36	2.18	2.18	2.08	2.08	8.00	1.95	1.83		
Other expenses			¹¹ 1.82	¹¹ 1.14	¹¹ 1.17							1.30	.79	.81		
Total	70.05	70.54	¹¹ 30.22	¹¹ 34.34	¹¹ 32.84	38.57	48.16	34.99	34.99	39.69	39.69	32.00	34.37	36.33	40.29	
Year mortgage obtained	1948	1948	1947	1947	1947	1948	1948	1948	1948	1948	1948	1947	1949	1949	1949	

¹ Estimated on basis of first 6 months.

² Electricity, gas, and water.

³ Heat, electricity, and water.

⁴ Heat, electricity, gas, and water.

⁵ Water, and garbage, trash, and sewage disposal.

⁶ Includes heat, gas, water, and garbage and trash disposal.

⁷ Heat, electricity, gas, water, and trash and sewage disposal.

⁸ Electricity and water.

⁹ Water and sewage disposal.

¹⁰ Gas, water, and sewage disposal.

¹¹ Includes charge of 25 cents for community-activities fund.

TABLE 26.—*Monthly rentals in mutual associations, by size of dwelling unit*

Association ¹	Monthly rental charged for dwelling with—		
	1 bedroom	2 bedrooms	3 bedrooms
Association No. 1 ²	\$38.25	\$43.75	\$49.25
Association No. 4 ³	39.00	⁴ 41.00	46.00
Association No. 7 ⁴	33.25	⁵ 43.00	
Association No. 9 ⁶	30.00	⁷ 35.75	38.25
Association No. 10 ⁸	30.25	⁸ 37.75	
Association No. 15 ¹¹	37.00	⁷ 31.00	⁷ 33.75
Association No. 16 ¹²	35.00	⁸ 33.75	¹⁰ 36.50
Association No. 17 ¹²	37.75	40.25	44.40

¹ Associations Nos. 1, 4, 7, 9, 10, and 15 correspond to associations of same number shown in table 24.

² Prices include heat, gas, water, and garbage and trash disposal.

³ No utilities included; bills for these are paid by the individual members.

⁴ Attached dwelling.

⁵ Detached dwelling.

⁶ Prices include water, and garbage, trash, and sewage disposal.

⁷ Center unit.

⁸ End unit.

⁹ Prices include heat, electricity, gas, and water.

¹⁰ Duplex unit.

¹¹ No data as to what, if any, utilities are furnished.

¹² Prices include water and garbage disposal.

utilities provided. Real-estate taxes and insurance formed another widely variable cost, ranging from \$3.75 to \$9.70 in the associations reporting for 1949. Monthly management costs ran as low as \$1.75 and as high as 5.27 per unit. The cost of maintenance and repairs depended not only on the thoroughness of such services in the years immediately preceding purchase by the mutual,¹⁶ and the adequacy of maintenance by the cooperative, but also in some cases on the costs entailed in meeting FHA requirements for insurance. When these requirements were difficult to meet (as, for instance, the extensive replacement of plumbing to meet local code requirements), PHA itself financed the sale.

The monthly amounts shown in tables 25 and 26 indicate that members in the mutual dwellings were paying very moderate rates. The manager of one project testified at a congressional hearing in 1949, as follows: "I control some rental property myself and I am getting \$90 a month rent for a 3-bedroom house that is not nearly as good as mutual owners in — are paying \$42 a month for. And it should be noted that the — members are buying their homes and will have them paid for within 15 years."¹⁷

¹⁶ Some of the associations claimed that maintenance was seriously neglected and only minor repairs made.

¹⁷ Hearings before House Committee on Banking and Currency (81st Cong., 1st sess.), on H.R. 5631, July 25-29 and Aug. 1-9, 1949, p. 177.

In 7 mutual associations the monthly charge included an allowance to cover vacancies¹⁸; in 5 of these the vacancy allowance included an allowance for cost of collections. In two associations, 5 percent of the members' monthly payments was set aside for a vacancy reserve, and in 3 associations 10 percent. A sixth association set aside 20 percent of the monthly income. In two of these this payment was to cease when the fund equaled 6 times the monthly collection from residents. The seventh association was to set aside \$25,000 a year until the fund reached \$250,000.

Seven associations made no charge to cover possible losses from vacancies, but one of these reported that it was considering taking out insurance to cover this risk.

Various reserves for other purposes were reported. Three associations had a contingency fund from which certain extra maintenance and repair expenses were met; in another the difference between the budgeted maintenance expenses and the actual outlay was placed in a special fund. Funds were usually set up, also, to cover taxes and insurance. One association, in addition to these and a fund for the replacement of physical assets, started a fund to cover possible losses in collection during times of unemployment, the intention being to build this fund up to about \$40,000.

Additional Assessments

The monthly carrying costs represent the full amount that the member has to budget for, under normal circumstances. If circumstances arise involving additional outlays to the association, the funds must be provided by the members. Generally, however, the by-laws provide for such contingencies and the procedures to be followed.

Thus, among the all-the-way cooperatives building houses, assessments may be imposed—in one case upon a two-thirds vote at any general membership meeting, and in another by a vote of three-fourths of the members (but the amount of the assessment may not exceed 10

¹⁸ However, not one of the associations reported any vacancies lasting as long as 1 month. Because of the housing situation, many of the associations had waiting lists and none had any difficulty in filling vacancies. Several, however, were anticipating such a contingency, if the housing supply became adequate.

percent of the annual amount paid on the mortgage indebtedness). In a third association, assessments may be levied to cover insurance, administrative, maintenance, and development costs.

In the co-ventures, additional assessments may be imposed in three associations, if voted by the members, but in one the amount is limited to \$100 per member. Only assessments for road maintenance may be levied in two associations, and in one of these the amount is limited to \$30 per member per year. Seven associations reported that no additional assessments may be levied. In one association any assessments may be voted by the board, on the basis of the number of membership certificates held by individual members.

In six mutual associations no additional assessments may be made. In most of the others additional assessments may be made for any purpose voted by the members, and may take the form of a special flat sum, or may be incorporated in the monthly payment, if they represent a continuing expense. In one case, the determination of the necessity for the assessment was left to the board, but the situation was to be explained to the membership, which could put the matter to a vote if desired. In other cases an assessment may be levied for "any necessary purpose" (1 association), for anything voted by the members (7 associations), for any unusual maintenance or construction expense (1 association), or for maintenance purposes only (1 association).

Method and Period of Amortization

Little information was available as to the period of repayment of a member's mortgage. In one all-the-way association the members' mortgage was to run for not over 30 years, but could be paid up sooner, if desired. In another the mortgage could be amortized in 10 years but could be extended to 20 years.

Few of the co-venture associations could supply information on this point, because the dwellings had been financed under individual contracts. In 3 associations such mortgages ran, in most cases, for 25 years, on the level-payment plan. In a self-help association that had carried out two separate projects, the mortgage was

payable (into a revolving fund supplied by the sponsor) in 20 years in the first project; in the second, the "interim" financing carried for only 1 year, after which the member had to obtain private financing.

In the reporting apartment associations, members were paying their amortization on the level-payment basis, over periods running from 25 to 32 years.

In all but two mutuals members were paying on the level-payment plan. Their period of amortization of mortgage was commonly the same as that of the association. In five associations, however, the members' period was shorter by 5 years (two associations), 15 years (two associations), and 25 years (one association). In another, in which the period of amortization was 40 years, the members were trying to get their indebtedness paid off in 25.

What the Member Gets for His Money

Land Space

Cooperatives have gone out into outlying sections for land, primarily because of lower cost, but also to obtain adequate space for individual dwellings. In this, most of the projects had been successful. Generous plots of land were provided for most of the houses built by the all-the-way and co-venture associations building houses. The smallest lot reported was 60x100 feet and the largest was 4 acres. In other cases lots were 70x145 feet, 70x150, 75 to 80x600, 80x87, 100x150, 132x169, and 132x225 feet.

One of the co-ventures bought a large city lot 100x432 feet, on which it built four detached houses, one behind the other, turned sidewise across the lot. Each had its own plot (80x87 feet) giving onto a 20-foot driveway running the whole length of one side of the 432-foot lot. Viewed from the street sidewalk, all that is seen is the driveway and the side of the first house.

The lot size, where known, was converted into terms of acres¹⁹ and is shown in table 27.

The density of building (i. e., number of dwelling units per acre) and the percent of total ground space covered by the buildings varied by type of association (table 28). Apartment

¹⁹ One acre equals 43,560 square feet.

TABLE 27.—Number of associations building houses, by size of lot

Size of lot	Active associations		Dissolved associations	
	All-the-way cooperatives	Co-ventures	Project completed	Project not completed, some construction
Less than 1/8 acre.....	1	3	4	3
1/8 but under 1/4 acre.....		4	1	
1/4 but under 1/2 acre.....		1		
1/2 but under 1 acre.....	2	4		
1 acre.....		1		
Over 1 acre but under 2 acres.....		1		
2 acres.....		1		
Over 2 acres.....		1		
Lots vary from—				
Less than 1/4-3/4 acre.....		1		
1 1/2-4 acres.....		1		
Total.....	3	17	5	3

associations included a considerably larger number of dwelling units per acre than did the other types of cooperatives. Even among the apartments, however, the density of dwelling units showed a wide range—from 20 to 400 per acre—depending to a large extent upon the height of the buildings. In the associations reporting, the buildings ranged from 2 to 12 stories.

TABLE 28.—Number of housing projects with specified density of dwelling units

Density of units in project	All-the-way associations			Co-ventures	
	Houses	Apartments	Mutuals	Active	Dissolved, project completed
Number of dwelling units per acre:					
Less than 1.....	3		2	5	
1 but under 4.....	1		2	10	1
4 but under 5.....			5	7	1
5 but under 10.....			7	1	1
10 but under 15.....			5	1	1
15 but under 25.....		2	2		
25 but under 50.....		2			
50 but under 100.....		1			
100 but under 200.....		11			
200 and over.....		1			
Ground space covered:					
Less than 25 percent.....	(1)	4	2	(1)	(1)
25 but under 50 percent.....	(1)	1	9	(1)	(1)
50 but under 75 percent.....	(1)	3	5	(1)	(1)
75 percent and over.....	(1)	1	1	(1)	(1)

¹ Information not available.

Construction Characteristics

The great majority of the houses were one story in height and either of all-frame construction or of masonry veneer and wood frame.

Among the all-the-way cooperatives, the majority of houses had concrete floors, dry-wall finish for ceiling and walls, wood-frame roof, and one bathroom with asphalt floor and shower over the tub. Every association reporting used

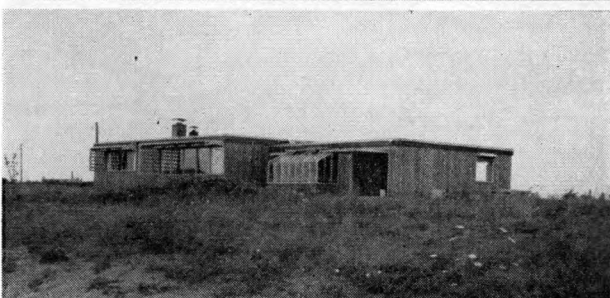


FIGURE 16.—Side view of Bay Area Housing Group's co-venture project, showing dwellings one behind the other on same lot, and fenced service yards, Culver City, Calif.

different material for the bathroom wainscotting: cement or plaster, composition, aluminum tile, or wood. A large proportion of this group used insulation in walls, floors, or ceilings, or in all three.

The items usually included in the dwelling price were floor and wall cabinets in the kitchen, hot-water heater, a utility room, fireplace, and street pavement. Other features, in varying numbers of units, were an electric range, refrigerator, washing machine, and storage lockers. For heating, hot air and hot water were equally popular. (One project used radiant

FIGURE 17.—Dwellings of York Center (Ill.) Community Cooperative, all-the-way project.



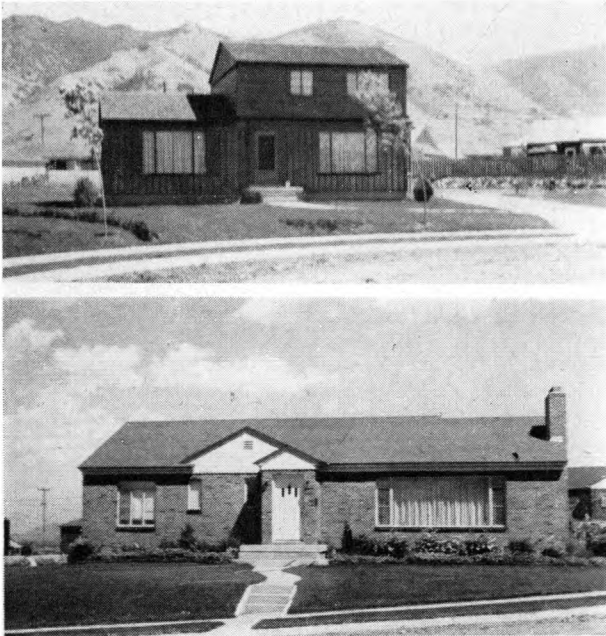
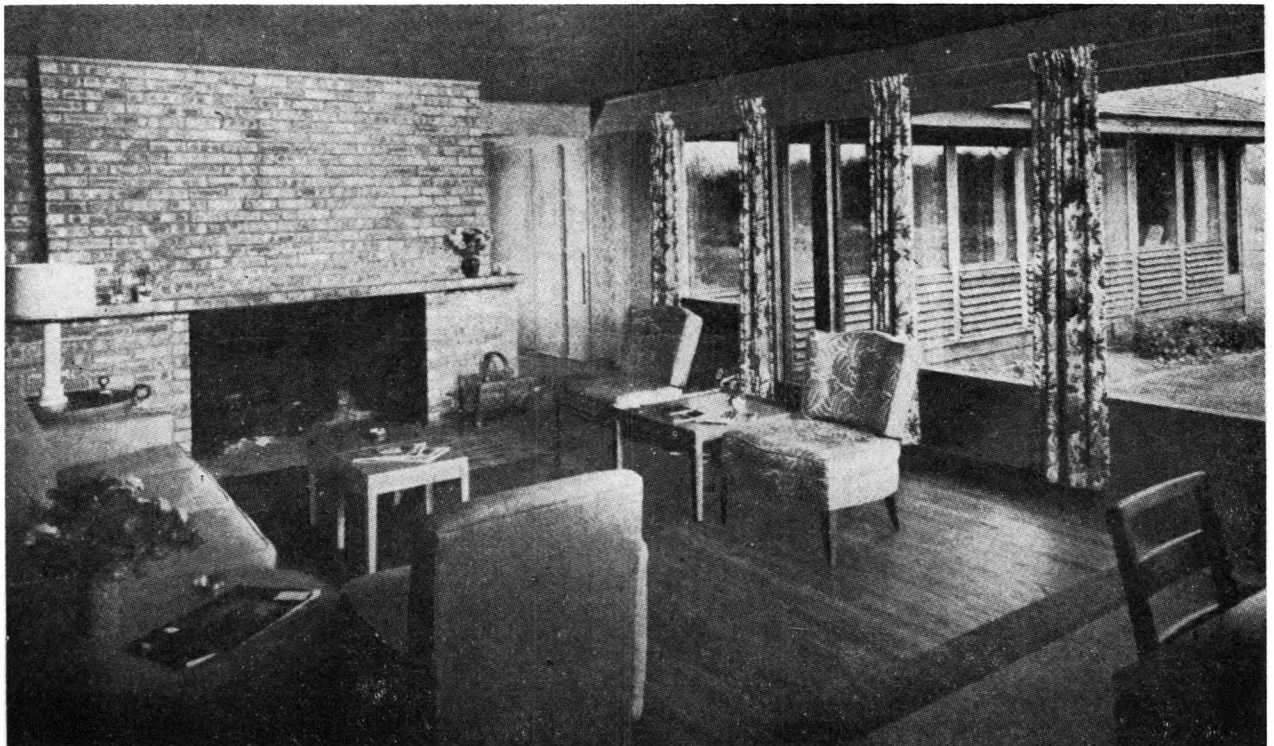


FIGURE 18.—Dwellings at Homeless Veterans co-venture project, Salt Lake City, Utah.

heat.) Oil was used in all but one association, which used gas. In all the associations, each dwelling had its own heating unit. Comparatively few dwellings had garages or porches, but in some cases the members expected to build them later, perhaps by their own labor.

Those co-venture associations whose dwellings were built under a master contract usually constructed their houses of either frame or a combination of masonry veneer and wood. Other materials used were, in descending order, cement or cinder block, native stone or stone veneer, pisé (rammed earth), and stucco. They made considerably more use of hardwood floors than did the all-the-way cooperatives but, like them, put on wooden roofs. Most of the houses had one bathroom only, but about a sixth had $1\frac{1}{2}$ bathrooms. In about half of the co-venture houses, asphalt was used as flooring in the bathroom; in the others, linoleum. Bathroom wainscoting was most commonly either composition or glazed clay tile.

FIGURE 19.—Living room of house at Cooperative Community, Glenview, Ill.



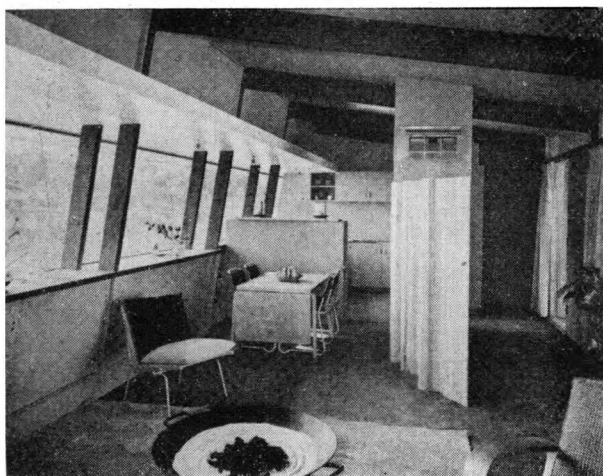


FIGURE 20.—Dining area of house at Crestwood Hills, co-venture project of Mutual Housing Association, Los Angeles, Calif.



FIGURE 21.—Houses under construction at Hilltop Community, Seattle, Wash.

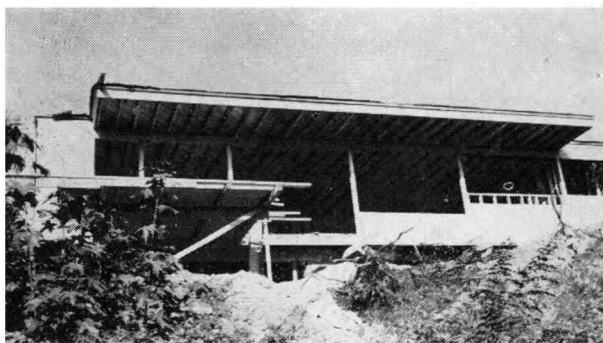
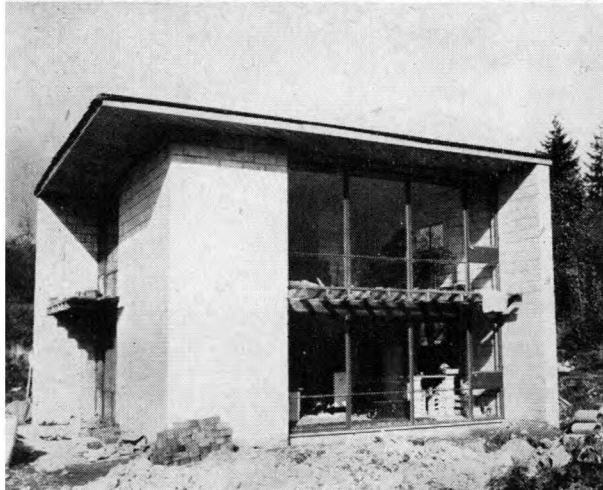


FIGURE 22.—Two of the styles of dwellings used by Kirkmere Home Owners, Youngstown, Ohio.



Each house had its own heating plant, the hot-air type being favored considerably above all others; next most popular were radiant heat and hot water in that order. One association each used floor furnaces, dual-wall heater, and space heaters. Natural or manufactured gas was used in the great majority of cases, but some projects used oil or coal. Most of the houses viewed by the Bureau's field representatives were outstanding in the extent of cupboard, closet, and storage space provided.

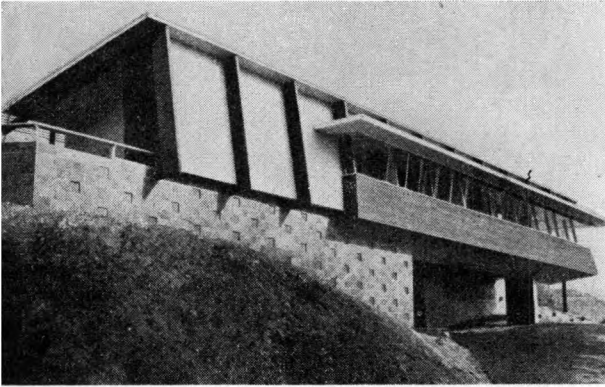


FIGURE 23.—“Pilot” house of Mutual Housing Association, Los Angeles, Calif.

There was little information on construction characteristics for co-venture associations in which the dwellings were built for the members under individual arrangement. The characteristics varied widely among homes and usually no official was familiar enough with all to furnish data for the whole project. In the two associations for which information was supplied, floor and wall kitchen cabinets, refriger-

FIGURE 24.—Houses of Bannockburn Cooperators, Glen Echo, Md.



FIGURE 25.—Hillman Houses (all-the-way project of the Amalgamated group), in lower Manhattan, N. Y.

ator, hot-water heater, fireplace, and street pavement were included in the purchase price of all the dwellings. The members of one or the other of the associations also received the following items: electric range, venetian blinds, utility room, and landscaping. Bathroom floors were usually of either asphalt or linoleum, and heating plants were usually of the hot-air or hot-water types, burning oil.

FIGURE 26.—Apartment buildings in Bell Park Manor, all-the-way project of United Veterans' Mutual Housing Corp., Bayside, L. I., N. Y.



The houses of the dissolved associations followed rather closely the characteristics of the co-venture associations.

In order to insure architectural harmony, some associations imposed certain requirements. Thus, one co-venture association required that all building plans be acceptable to the board of directors. This association also prohibited (a) any changes that would alter the appearance of any dwelling or other building; (b) rental of dwellings for more than 6 months, and (c) the removal of trees, stone walls, or fences, without the approval of the board of directors.



FIGURE 27.—Dwellings at Paul Lawrence Dunbar (upper) and George Washington Carver (lower) mutual housing projects for Negroes, Arlington, Va.

Most of the apartment buildings were of brick (31). Two associations' buildings were half brick and half frame, whereas in one association each the material was wood, brick and brownstone, brick and cement, and stucco. The buildings ranged in height from 2 to 12 stories. Twenty-five associations for which data were available operated 99 buildings, of which 42 were 2 stories in height, 20 were 3 stories, 15 were 4 stories, 8 were 5 stories, 6 were 6 stories, and 8 were 12 stories.



FIGURE 28.—Views at mutual project of Alameda (Calif.) Mutual Homes Corp.

FIGURE 29.—Views at Victory Park, mutual project of Mutual Housing Association of Compton, Calif.



Construction characteristics were available for only 6 of the newer apartment associations, providing accommodations for 4,271 families. Included in the cost of the apartment in 5 of these were wall and floor cabinets in the kitchen, gas range for cooking, automatic refrigerator, hot water and heat supplied by the association, garbage-incinerator chutes on each floor, laundry facilities, and storage lockers. All of the new buildings (except one of 2 stories) have automatic elevators; none of the old buildings have elevators.

Of the 29 mutuals for which data on construction material were available, 16 were of wood frame construction, 6 of cement blocks, 3 of wood and brick combined, and 1 each of brick, brick veneer, and stucco. In the remaining large project, including both attached houses and apartment buildings, materials used included wood, brick veneer, and cement blocks.

The construction materials used for the exterior walls of the mutuals were about the same as those used in single-family dwellings built by all-the-way and co-venture associations for their members. Wall and ceiling finish was also about the same, and insulation was quite commonly found. There was a big difference in the interior finishings and equipment, however. Where the privately built housing had glazed clay tile or composition wainscoting, the war housing had cement or plaster or papered plywood. No war unit reporting had more than one bathroom and no bathrooms had shower as well as tub. The amount of storage space in closets and kitchen cabinets was small. Kitchens were equipped with a gas range, a small-to-medium refrigerator, and a hot-water heater. Utility rooms were infrequently found. In short, the dwellings were designed to provide the minimum necessary requirements only, partly because of the need to conserve materials during the war emergency. All but one of these projects were built as "permanent" housing.

Only one of the mutuals contained any buildings over two stories in height. It consisted of several apartment buildings of three stories, in one of the "greentowns"; that project also included many attached (row) dwellings of two stories.

TABLE 29.—Construction characteristics of dwellings in housing projects

Item	Active associations					Dissolved associations	
	All-the-way cooperatives				Co-ventures	Project completed	Project not completed, some construction
	Houses	Apartments	Mutuals with—				
		Purchase contract	No purchase contract				
Total associations reporting.....	4	6	15	4	18	4	4
Dwelling units reported for.....	78	4,271	6,557	3,889	889	451	166
	Number of dwelling units with specified features						
Exterior walls:							
All masonry.....	8	1,820	878	526	127	100	22
Masonry veneer and wood frame.....	49	2,445	1,489	2,000	245	351	144
All frame.....	10		3,740	873			
Cement block.....	11		450		6		
Stucco.....				490	20		
Wood floors:							
First floor.....	3	2,687	1,413	1,500	581	224	166
Second floor.....	12	2,526	2,101	950	253	69	34
Third floor.....		876				50	
Other floors.....		876					
Concrete floors:							
First floor.....	75	1,439	1,281	231	179	227	
Second floor.....		795		268	4		
Third floor.....		747					
Other floors.....		717					
Steel joist and concrete floors:							
First floor.....		36				89	
Second floor.....		36					
Third floor.....		36					
Roofs:							
Wood frame.....	76	2,397	2,581	(*)	732	401	166
Concrete.....	1	1,595		(*)	16		
Steel joist and concrete.....	1	36					
Other.....			1,999		36	50	
Bathrooms:							
One.....	42	4,074	5,950	3,889	647	449	154
One and one-half.....	5	128			155	2	12
Two.....	15	137			4		
Shower over tub.....	57	3,326			481	401	67
Separate shower stall.....	5	69			67		
Bathroom floors:							
Asphalt.....	25		2,548	*500	7461	*315	99
Linoleum.....	18		2,556	1,499	320		25
Ceramic.....	10	4,163	557		55	50	42
Other.....	*25		1,396				
Bathroom wainscoting:							
Glazed clay tile.....		4,145	11,748		7,323	*50	*73
Cement or plaster.....	11	18	2,706	*1,999	42		48
Composition.....	21		1,157		459	315	20
Other.....	12	53					
Wall and ceiling finish:							
Plaster and lath.....	15	3,434	2,654	*1,999	301	100	118
Dry wall.....	57		1,996		442	345	48
Concrete.....	6	36					
Other.....			857		12		
Insulation in—							
Walls.....	64	425	2,572	1,000	194	315	45
Floor.....	15		1,596		115		23
Ceiling.....	78	933	3,003	1,450	546	50	47
Basement.....	1		1,376		229	451	96
Garage and parking:							
Garage.....	24	1,880		*112	387	86	44
Car port.....	8		1,546		195		
Parking area.....	24	748	1,450	500	183	315	20
Sitting-out area:							
Porch.....	18		1,100	75	391	86	5
Balcony.....	3	103		75			
Terrace.....		45					
Private garden area.....	78		2,946	2,389	581	451	119
Heating plant:							
Central plant for project.....		4,163	17,748				
Individual plants.....	78	108	4,233	*1,999	889	451	
Type:							
Steam.....		2,477					
Hot water.....	36	1,794	748		34	50	
Hot air.....	38		4,909	1,999	734	401	166
Radiant heat.....	11				50		
Fuel:							
Coal.....		36	1,966	500	3	365	70
Oil.....	46	4,235	788	499	240		
Gas.....	32		3,903	1,000	574	86	86

See footnotes at end of table.

TABLE 29.—Construction characteristics of dwellings in housing projects—Continued

Item	Active associations					Dissolved associations	
	All-the-way cooperatives				Co-ventures	Project completed	Project not completed, some construction
	Houses	Apartments	Mutuals with—				
Number of dwelling units with specified features							
			Purchase contract	No purchase contract			
Included in price of unit:							
Floor and wall cabinets in kitchen	46	235	4,981	1,999	720	451	166
Open shelves only			1,396				
Cooking range—							
Gas		235	3,976	(2)	129	75	74
Electric	14			(2)	101	25	
Refrigerator:							
4 cubic feet		237	400	(2)			(2)
5½ cubic feet			400	(2)			(2)
6 cubic feet		2,348	1,748	(2)	19	24	(2)
7 cubic feet			50	(2)	105	20	50
8 cubic feet	14	1,650		(2)			(2)
9 cubic feet				(2)	77		(2)
Icebox only			1,596				
Hot-water heater	46	(2)	4,133	1,499	889	390	166
Dishwasher					43		
Washing machine	14	2,240					
Venetian blinds		1,542	300		292		
Garbage-disposal unit or incinerator		4,127	500	(2)	65		
Utility room	34	2,477	1,000	1,999	419	315	
Storage lockers	14	4,234	797	500	401	61	22
Fireplace	41				429	340	25
Landscaping	32	4,271	6,557	3,889	720	390	67
Pavement of streets	46	4,271	6,557	3,889	720	390	67

1 Data available for 13 projects only.
 2 Data available for 14 projects only.
 3 No data.
 4 Asphalt.
 5 Slate.
 6 Data available for 3 projects only.
 7 Data available for 8 projects only.
 8 Data available for 2 projects only.
 9 Concrete.
 10 Hardwood.
 11 Data available for 12 projects only.
 12 Including 21 units with wainscoting of plywood and 32 of aluminum tile.
 13 Not including 1 project (1,434 units) with garage having rental space for 300 cars.
 14 Data on garage and parking space available for 10 projects only.
 15 Data on sitting-out area available for 6 projects only.
 16 Data available for 7 projects only.
 17 Not including 1 project (676 units) in which there is a heating plant for each building (containing several units).
 18 Data for cooking range available for 1 project only.
 19 Not including 36 dwellings, refrigerators furnished but size not reported.
 20 Not including 36 dwellings, refrigerators furnished but size not reported; data available for 2 projects only.
 21 Hot water included in monthly payment.
 22 Available in building, but not supplied to individual dwellings.
 23 Not including 943 units supplied with ordinary roller shades.
 24 Individual disposal units for 1,650 dwellings; incinerators available in building (but not for each individual dwelling) for 2,477 dwellings.
 25 Not including 1 project of 500 units—incinerators available on project; data on garbage disposal available for 2 projects only.
 26 Individual lockers for 2,563 dwellings; general locker room in building, for 1,671 dwellings.

The costs of the all-the-way cooperatives and co-ventures building houses were influenced by the presence or absence of costly community facilities. All the genuine cooperatives had such facilities, thereby raising average per-unit costs to the members. A large proportion of the co-ventures, on the other hand, provided dwellings only, and undertook no provision of community facilities. In such cases the only cost to the member was that of his house.

The all-the-way cooperative houses cost about two-thirds more per square foot than the apartments and a sixth to a third more than the co-ventures. The lower figure in the range shown for the apartments is invariably the cost in the older associations, reflecting costs 20-25 years ago. For the apartments built under the New York limited-dividend law, the legal maximums set on both construction cost and on monthly payments (“rentals”) are the determining factors in the sales price of the dwelling unit.

The cost of housing in the mutual housing projects was only about half to a third as much as that of units with the same number of bedrooms in other types of associations. However, these members were buying not new dwellings but housing 6 to 10 years old; construction and equipment were inferior to those of new houses and apartments constructed by other types of cooperatives for their members; the living space, in all dwelling sizes, was less than in the others; and maintenance and replacement costs will be considerably above those for the other groups. Even so, inspection of many dwellings in these mutual projects suggests that the members have a “good buy” in the sense of getting their money’s worth.

The unusually high cost per square foot for the associations that dissolved before completing their projects is evident in table 30.

Cost of Unit in Relation to Size

The individual houses, whether built by all-the-way cooperatives or by co-ventures, were much the most expensive type of dwelling covered in the study, involving more land space and usually more living space (table 30). Some of the small houses built by self-help were exceptions.

Maintenance and Repairs

In both all-the-way cooperatives and co-ventures, members are expected to attend to the structural repairs to dwelling, interior decorating, and other inside maintenance, as well as to their yards.

If there are community-owned facilities (such as utilities and recreational and other amen-

TABLE 30.—Price per unit, and amount and cost of living space, in dwellings of housing associations

Type of association	Apartments— Price per room	Price per dwelling unit			
		1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
		Range	Range	Range	Range
<i>Active</i>					
All-the-way cooperatives:					
Houses.....			\$7,000-\$15,000	\$8,000-\$18,000	
Apartments.....	¹ \$250-\$2,800	¹ \$750-\$9,800	¹ 1,000- 12,600	¹ 1,250- 14,000	
Mutuals with purchase contracts.....	580- 1,672	932- 3,255	1,619- 3,655	1,553- 3,955	
Co-ventures: Construction stage reached.....		² 4,500-10,600	² 5,000- 16,000	² 6,000- 25,000	² \$8,000-\$30,000
<i>Dissolved</i>					
Project completed.....			³ 3,750-12,000	⁴ 2,750- 9,500	
Project not completed, some construction.....			7,900-11,500	10,000-20,000	
Living space—number of square feet					
<i>Active</i>					
All-the-way cooperatives:					
Houses.....			800- 820	975-1,200	
Apartments.....		640-752	600-1,036	700-1,344	
Mutuals with purchase contracts.....		381-780	534- 890	651-1,270	
Co-ventures: Construction stage reached.....		600-983	596-1,834	800-2,500	1,080-2,790
<i>Dissolved</i>					
Project completed.....			650-1,125		
Project not completed, some construction.....			682- 784	782-900	
Average cost per square foot of living space					
<i>Active</i>					
All-the-way cooperatives:					
Houses.....			\$8.54-\$13.75	\$7.27-\$13.13	
Apartments.....	¹ \$2.07-\$13.29	¹ \$2.07-\$12.44	12.25- 12.40	12.37- 13.29	
Mutuals with purchase contracts.....	9.04- 11.52	3.53- 7.05	² 2.41- 5.41	2.84- 5.51	
Co-ventures: Construction stage reached.....		² 5.88- 10.78	² 4.55- 13.33	² 3.33- 17.33	² \$3.64-17.83
<i>Dissolved</i>					
Project completed.....			³ 6.77- 13.38		
Project not completed, some construction.....			13.01- 14.40	12.80- 15.06	

¹ Low figure of range applies to apartments in buildings erected in 1920's.² House built by self-help.³ Low figure of range applies to prewar houses.⁴ Low figure applies to prewar houses, built by self-help.⁵ "Temporary" project.

ities), the housing association is responsible for their upkeep. Generally, either a flat charge per member is made to cover this cost, or a budget is made up each year, each member bearing his pro-rata share.

In the apartment associations, members were commonly expected to take care of interior decoration, with the association looking after the maintenance of halls, grounds, and structures. In a few cases, however, the redecoration of apartments, also, was the responsibility of the association.

In the mutuals, once the cooperative takes over, it becomes responsible for the maintenance of the community spaces and facilities, for exterior maintenance, and for repairs to structure, in addition to major repairs to plumbing and electric wiring. The member is usually ex-

pected to make minor interior repairs, arrange for interior decoration (but some associations provide each year a certain amount of paint for his use), and care for his own dooryard, lawn, shrubs, and flowers. In one case, however, the association takes care of all maintenance; if the resident wishes to change the interior decoration, the services of the association's employees are available at cost. One mutual provides that any member who is willing to paint the exterior of his house shall receive free paint and credit for his time. Another forbids any exterior painting by members. A few associations provide lawn mowers, rakes, and certain garden tools free, or for a nominal charge. Several cooperatives provide specifically that if a member fails to maintain his unit, to such an extent that it becomes a detriment to the

project, the board of directors has the right to have the necessary work done and bill the amount to him.

Regulations vary as to changes the mutual member may make in his dwelling. Some organizations have issued elaborate regulations, setting forth what members may or may not do. Usually, installation of fences is permitted, subject to approval by the board of directors as to height and style in each case. In one association visited, some members built themselves a small shed in the yard or against the house, to hold garden hose, tools, ladder, etc. The monotony of appearance general in war housing projects had been overcome to some extent and variety attained by flower beds, fences, shrubbery, etc., put in by the members.

Evidence of Ownership, and Period of Lease

The all-the-way cooperatives building houses give members a 99-year lease. In two associations members also hold stock certificates issued by the organization as evidence of ownership.

In co-venture associations the member receives and holds fee-simple title to his house. One such association, which never gives title to the land on which members build their houses, gives them a 99-year lease on the lot selected.

Members of the older apartment associations

almost always have a perpetual or 99-year lease. In the newer organizations, a definite short period is usually set (2½ or 3 years), at the end of which time an objectionable family may be expelled by vote of the members. A majority of apartment associations are stock organizations, in which a member subscribes for share capital to the amount of the price of his apartment. As he pays up his equity, he is issued, from time to time, share certificates to the amount paid.²⁰ This is his evidence of ownership in 14 reporting associations. In 5 other cases, the member receives only a membership certificate, card, or book. In at least 3 of the older associations, the member has no evidence of equity other than the entry of his name in the "rent book" held by the association.

Most mutual associations give the member the right of "perpetual use," or a lifetime or 99-year lease. However, this right is generally hedged by the provision that a member may be expelled for cause or if he so conducts himself as to become obnoxious to the other residents of the project.

Subleasing is strictly regulated in period and conditions, and usually may be done only with the consent of the board of directors.

²⁰ But in all types of associations insured under the new insurance program (Sec. 213), the member's stock investment remains constant.

Chapter V.—Internal Arrangements

Exchange of Equity

As families of members grow larger or smaller, an arrangement whereby a member may exchange his house for one of more or fewer rooms may be of substantial benefit, especially in a large association (such as a mutual or a big apartment project) having a considerable range in size of dwelling. Such an arrangement may not be feasible in a small project in which the houses are more or less of a size. Most of the all-the-way cooperatives were small and had adopted no exchange procedure. One association, however, provided in its bylaws that an exchange of dwellings could be made by mutual agreement between members, with the approval of the association's board of directors.

Among the co-venture associations, after the member receives title to his house, any further arrangements are out of the hands of the association.

Data on procedure for exchanges of apartments between members are available only for 5 associations. In all of these, such transfers were made through either the house committee or the board of directors. Adjustments were then made to take care of differences in monthly payments and in amount of equity already accumulated through monthly payments.

When a member withdraws, leaving his apartment unoccupied, other members needing a dwelling of that size are given preference.

One of the advantages of mutual associations is that generally the projects contain dwellings of different size. In the associations covered, the units ranged from 1-room efficiency units to dwellings of 7 rooms. Some mutual associations fixed a definite standard of density of persons per room and tried to maintain the standard in assigning new members to dwellings, or make shifts among residents to enable the standard to be maintained.

Practically all mutuals made some provision for the exchange of quarters between members,

upon application to the association. Some placed upon the member desiring the change the responsibility of finding another willing member. Other associations received applications and maintained a waiting list; arrangements were then made, as opportunity occurred, by the management, the board, or a special committee. One mutual reported that it charged a "small transfer fee"; in another the fee was \$10.

Each member involved was held responsible for leaving his apartment in good condition and required to bear the cost of any necessary repairs and redecoration.

A family moving into the larger apartment must reimburse the family moving into the smaller one by the amount represented by the difference in equity. Monthly payments were adjusted thereafter to the size of the dwelling occupied by each.

Withdrawal Procedures

All of the *all-the-way* cooperatives provided that, if a member wished to withdraw from the association, the cooperative should have first option on his dwelling. Usually, if the association (because of lack of funds or otherwise) failed to exercise its option, the member was free to dispose of his house to some person acceptable to the board and capable of fulfilling the other conditions of membership.

The formula for determining the redemption or sales value was different in every association covered. In one case the member was to receive (from the association or from a new member approved by the board of directors, replacing him) either the book or appraised value of his equity, whichever was higher. In another, the redemption value to be paid by the association was to be the "going price," as determined by a disinterested appraiser; however, the cooperative had no control over the price if it did not exercise its option and thereby forced the member to dispose of his house elsewhere.

In another, the dwelling was to be valued on its original cost, adjusted to the Consumers'

Price Index of the United States Bureau of Labor Statistics. In a fourth association, the house was to be appraised by 3 persons (one appointed by the cooperative, one by the member, and a third chosen by these two).

In three associations it was expressly provided that in no case was a member leaving the association to be allowed to make a profit on the sale of his equity.

In 15 of the *co-venture* associations, even though the member owned his dwelling in fee simple, the organization retained the first option on it if he wished to withdraw. In two cases the association's right of option was effective for only a specified period—1 year and 5 years, respectively—after completion of the house. Two reported that the association had no money with which to purchase a dwelling; one explained that the purpose of the option provision was to enable the association to have the deciding vote on the purchaser. In 7 associations there was no right of option and 3 associations had no provision to cover this point.

Various procedures were used in determining the redemption value or sales price. In 3 associations the amount was to be the market value as determined by disinterested appraisal; in 3, the original cost (or the payment on equity), plus value of improvements, minus depreciation; in one, the amount actually paid in, plus value of improvements; and in 2 the original cost. A self-help association provided that a member leaving the organization voluntarily, or expelled because of default on his work obligation, was to be paid only the actual construction cost on his house.

Four cooperatives prohibited the sale of dwellings at a profit, but in one the prohibition was for 1 year only, after which the association had no control. Two associations allowed sale at a "reasonable" profit; and another permitted such sale if the purchaser was acceptable to the board of directors. In 2 organizations a withdrawing member could sell for whatever he could get on the open market. Five associations had no provision to cover the situation; one of these believed that the presence of a minority group in the project would tend to keep down the prices obtainable by sale. Seven coopera-

tives had no control over sales of dwellings by the members.

Among the dissolved co-ventures that had completed their project, two had an option on a withdrawing member's property only if the proposed purchaser was not acceptable to the group. Four had no control over the sales price.

In 5 of the 6 newer *apartment* associations reporting, the cooperative had first option on the apartment of a member wishing to leave the project. In three of these, redemption was at the par value of the stock held (representing the member's equity); no consideration was given to market value, whether lower or higher. In none of these associations was the member allowed to dispose of his holdings at a profit. In the sixth case, however, the association agreed to redeem the equity at a fair market value, determined by the real-estate board in the city.

In practically all of the older associations, the withdrawing member was held responsible for finding a replacement, and was permitted to sell his stock holdings or leasehold for whatever he could get, subject only to the condition that the newcomer must be approved by either membership or board (one association required approval by a three-fourths vote of the entire membership).

In nearly all *mutuals*, the bylaws or the member's purchase agreement specified that if a member left the project, the association should have the "right but not the obligation" to redeem his equity in the organization. It should be borne in mind that in all but two of these mutuals, the member has no actual physical property to dispose of; what he has is a long-term lease or right of perpetual use.

In five projects the redemption value was the amount paid in on principal, minus depreciation (but in one of these, the market value of the unit was to be paid). In 2 associations the member received what he had paid in on principal (in one of these, after 5 years only). In two mutuals the redemption value was the monthly amount paid in on equity, multiplied by the number of months of payment, plus an allowance for improvements made by the withdrawing member. Three others set the amount

at the market value of the unit, minus the unpaid equity, minus the cost of redecorating. In two associations the unit was to be valued by two disinterested appraisers; agreement was then to be reached between association and member on the basis of their appraisal.

In practice, such provisions may be only "paper" provisions if the association has no funds from which to redeem the member's equity. Actually, the situation has thus far been very favorable among the mutuals, for with housing at a premium and monthly payments (rentals) very moderate as compared with other housing available in the locality, the cooperatives have had no difficulty in finding new members. These, on coming in, must pay the amount of the withdrawing member's equity, thus providing the association with redemption funds. Two associations reported that, thus far, all withdrawals had been met promptly. Another had established a contingency fund estimated as sufficient to redeem one unit a year.

Procedure is usually provided to cover situations in which the association does not exercise its right of redemption. Two mutuals reserved the sole right to dispose of a unit vacated by a member. In practically all the other cases, the member had the right to find a replacement, subject to approval by the board of directors.

In one association, in which disposal of the leasehold was the primary responsibility of the individual, the member was required to advertise for 30 days to veterans only. If that failed to bring a purchaser, the association would have the right of option. During 1950 the redemption price was limited to not more than the face value of the member's equity; after that there was to be no limit, except that the transaction would be subject to approval by the Federal National Mortgage Association, which held the mortgage.

One mutual permitted the member to sell at any price approved by the board. In two others the withdrawing member could sell at an increase of 2 percent a year, for the first 5 years; after that no limit was imposed. Sale at a profit was prohibited by another until September 1951; after that, if the association failed to exercise its option, the member might sell for what he could get. The requirement of sale at

the original price in another mutual was to be effective until the expiration of rent control, and the new member must be a citizen of the State. Six associations flatly forbade any profit by members in disposing of their leaseholds.

Protective Measures

In the all-the-way associations (apartments, mutuals, or those building houses) the interests of the association and members are bound up together. The equity of the members as well as of the association as a whole may be jeopardized if a sufficient number of residents default on payments because of such difficulties as long-continued illness, or unemployment. Recognizing this, some mutuals have acted to provide protective "cushions" of various kinds.

Few associations building houses had any provision for the protection of a member's equity in circumstances preventing him from keeping up his payments. One of the few—an all-the-way cooperative—had three reserve funds: a general reserve, a reserve consisting of excess rental payments, and a reserve composed of payments for services and utilities in excess of the actual amount needed. It was expected that these would be sufficient to take care of any cases of interrupted payments by members that might arise. This cooperative had also desired a measure by which to release from the blanket mortgage a member who had paid up his principal obligation in advance of the others, but the lending institution refused to accede to it. Another had a contingency reserve for interrupted payments, and a third was considering the formation of a voluntary fund. A fourth cooperative provided that a member who paid up his mortgage in advance should receive a first mortgage on his dwelling.

One of the co-venture associations had a revolving fund from which to meet the payments of a member in difficulties, and another was planning to establish such a fund.

One apartment project included in its monthly carrying charges a 5-percent "contingency" payment, to create a reserve for this purpose. Two others had built up a "housing fund" from voluntary contributions of the members.

Another means of protection was through

differences in mortgage periods, with the members paying off in a shorter period than the association. None of the all-the-way cooperatives had such an arrangement, and in the few apartment associations for which the period of mortgage of both the association and the members was known, it was the same for both.

In 6 mutuals, however, the association had a longer period for payment of principal than the member. The excess payments from the members were used to prepay the association's obligations. It was understood that, if a situation arose in which the members' payments fell below the amount required from the association, the prepayment could be drawn upon to preserve the organization's good standing.

One mutual, with the same period of amortization as its members, had the right of prepayment in its contract and had already paid in some \$252,000 in advance payments. Another was receiving from its members, in utility charges, about \$6 per unit per month more than the actual cost to the association; this excess was being used to prepay the mortgage.

In two associations, a small surplus was being built up from the 0.5 percent difference between what the member paid and what the association paid in interest on unpaid principal. A third organization had a special reserve from which to take care of deficits in monthly payments from members.

The association's contract, as well as that of each member, usually provided for the right of prepayment. (But, in at least two mutuals, prepayment by members was prohibited.) Such prepayment of course provided a credit for the individual member against which he could draw if circumstances prevented his usual payments. However, in case of widespread member default continuing long enough to exhaust the advance payments, a prepaid member would be no better off by reason of his prepayments; he would simply have more to lose in case of foreclosure on the association's mortgage. The only mutuals found to be providing for release of a fully paid member from the collective liability were the two in which the Government contract of sale provided for giving of fee-simple title to members on completion of their mortgage payment. In the others, the individual member

remained liable as long as he was a member of the association.

Community Aspects

Community facilities: None of the all-the-way cooperatives building houses had progressed to the point of providing social or recreational facilities (except two children's playgrounds), though all planned to have them. At the time of the study community-owned property consisted almost entirely of utilities—water, sewer, or other systems—or land earmarked for later community use. One all-the-way cooperative planned to have, eventually, a tennis court, swimming pool, community garden, athletic field, and nursery school; only families using particular facilities would be assessed for their building and operation. In another association, however, all members would be expected to give financial support to whatever community facilities were decided upon by vote of the members.

Various community facilities were provided by the co-venture associations. One had a meeting hall, nursery school, and children's playground; it planned to have a cooperative store when the housing project was completed. Another association had a clubhouse and nursery school (fig. 30). A third had a game room, a meeting hall (with kitchen facilities), a nursery school, playground, and picnic area; it also planned to have a cooperative store.

Two projects of one self-help association shared the following community features: a hall (with kitchen equipment), playground, basketball court, baseball field, library, cooperative store, and cooperative cold-storage plant. Originally the recreation facilities were owned and operated by the housing cooperative; they were later transferred to a recreation association, organized for the purpose. The store and cold-storage plant were also operated by an independent association.

Children's playgrounds were operated by two associations; in one case the association also had charge of the maintenance of a road provided with a heating apparatus to keep the road clear of ice and snow in the winter. One association had a small cooperative store, a meeting hall, a tennis court, wooded picnic area, and a community-owned, tractor-drawn lawn mower.



FIGURE 30.—Community building of Bannockburn Cooperators, Glen Echo, Md. (the building houses cooperative nursery school and other community activities.)

Another had a playground and community garden and also owned and operated the water and sewer systems. In two organizations the only facility owned in common was the water system.

Two remaining co-ventures had set aside acreage for future community facilities. The land of one association included a natural lake which will be the nucleus of a recreation area, including children's playground. Another had plans for a hall with kitchen, a tennis court, swimming pool, and playground; and a third, for a hall, playground, tennis court, and co-operative store.

Eight co-venture associations had decided that any additional features undertaken in the future would be financed only by the families using them. In 4, any new facility voted by the group would be compulsory for all. In another association new facilities would require the following: If involving an expenditure of not over \$25 per member, a 75-percent affirmative vote; if \$25-\$50, a 90-percent vote; and if over \$50, a 100-percent vote.

One dissolved co-venture that had completed its project formed a new organization to carry

on a social and recreational program and oversee the playground, community garden, and baseball diamond.

Such community facilities as existed in the apartment projects were mostly inside the buildings. None of the newer associations reported setting aside any land for community purposes. It is known, however, that in at least four there is a children's playground. Seventeen of the 19 older associations for which data are available had no community facilities; they were strictly housing enterprises. Of the two exceptions, one had a roof garden and the other a gymnasium, library, assembly hall, and classrooms.

Most of the mutual projects were large and designed to provide for a certain amount of community activity. Nearly all had community buildings, housing the office and related activities and usually providing space for meetings. All but one of the mutuals covered in the study had some community facilities.

Few mutuals visited had any plans for acquiring additional facilities, because most of them were already fairly well equipped. In most as-



FIGURE 31.—Library in Amalgamated Cooperative Apartments, Bronx, N. Y.



FIGURE 32.—Administration building at Victory Park, Compton, Calif.

sociations, therefore, the question of procedure had not arisen. One association reported that if additional facilities were voted, all members would be assessed for them.

TABLE 31.—Number of housing projects, by type of community facilities provided

Community facility	All-the-way cooperatives			Co-ventures	
	Houses	Apartments	Mutuals	Active	Inactive, project completed
	Projects with specified facilities				
Educational:					
Kindergarten or nursery school.....		2	8	3	
Classrooms.....		3	4		
Library.....		1	1	1	
Sports:					
Gymnasium.....		1			
Game room.....			3	1	
Basketball court.....			1	1	
Baseball diamond.....			1	1	1
Tennis court.....			3	1	
Swimming pool.....			2		
Wading pool.....			1		
Children's playground.....	2	4	15	6	1
Other recreational or social:					
Community building or clubhouse.....			3	1	
Meeting hall, with kitchen.....			3	2	
Meeting hall, without kitchen.....			4	2	
Lawns and benches.....			7	12	
Other.....			1		1
Commercial:					
Commercial facilities.....			1	4	3
Garage or auto repair shop.....			2	1	1
Dentist's office.....				1	
Operational:					
Administration or maintenance building.....				6	
Elevators, automatic.....			5		
Water system.....	12				3
Sewer system.....	1				1
Other.....					2

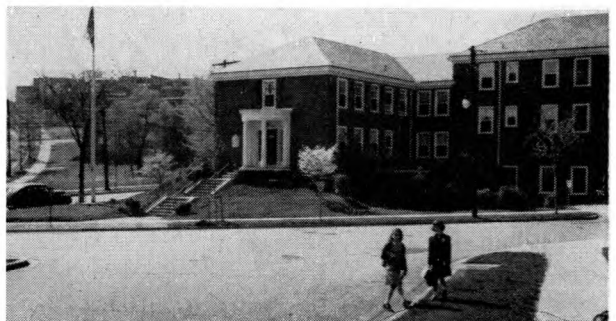
¹ In one case the water system is owned jointly with others.

Six co-ventures had no group activities; in two of these the houses were not yet completed. Others reported activities with various degrees of participation, as follows:

	Percent of participation
Nursery, car pool, baby sitters' group, buying club, play school.....	100
Work parties, community center, clubroom, teen-age recreation program.....	80
Annual picnic.....	100
Mothers' club, 4-H club, Boy Scouts, church work.....	(1)
Work parties, baby sitters' pool, picnics....	100
Bridge club, playground, picnics.....	75
Square dances, discussion group, summer program for children, swimming parties, work parties.....	75
Gardening, picnics, Christmas parties.....	75-80
Grocery-buying club, recreation events.....	100

¹ Majority.

FIGURE 33.—Community building at Naylor Gardens, mutual project of Veterans Cooperative Housing Association, Washington, D. C.



Community activities: Community activities in all-the-way associations included picnics, community forum, a sewing group, work parties, socials, library, play groups, nursery school, and folk dancing.

Several small associations were found in which the intent was to carry group activities far beyond the provision of housing. In one such group—with 4 families—each family made regular payments into a food fund from which groceries were bought from the nearest cooperative store. From this supply of groceries each family drew what it needed. The group also owned in common a cow and flock of chickens. The houses are placed toward the front of the lots, which are 600 feet in depth. The entire rear section of these lots was used for a common farm. It was planned to develop the farming operation to the point of providing full employment in off-seasons for two members of the group employed in seasonal industries.

Community activities reported by the apartment associations included a community coun-

cil, a cooperative buying club, social clubs, a credit union, and children's clubs. One association reported that all members would be assessed, if they voted to equip a game room. Another project reported that families participating in a proposed nursery and hobby club would be expected to contribute to their cost.

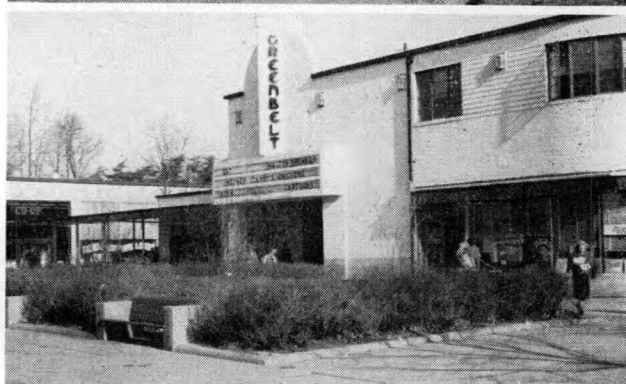
Community activity was common among the mutuels. Only four reported no community life. Several had a special committee or council to carry on a recreation or leisure-time program for residents of the different age groups. Few, however, could estimate the extent of participation. One said it was small, and another that the majority of residents took part. One estimated that 25 percent of the members participated in one or another of the activities, one that 75 percent did so, and seven that all did so.

FIGURE 34.—Community enterprises operated cooperatively, by Greenbelt Consumer Services, at Greenbelt, Md.

[Gasoline station (upper) and
traveling store—"pantry" (lower)]



[Bus service (upper) and
movie theater (lower)]



Chapter VI—Relations With Surrounding Community

Varied experiences in neighborhood relationships were reported.

In some cases there was no noticeable reaction for or against the project. Several associations launched their enterprise in an area where there were (and still are) no near neighbors. Others, in locations with no neighbors when the project started had won good opinions since then. Two apartment associations that went into a slum district were given a favorable reception because of the project's effect toward raising the value of adjoining properties.

Taxes were a bone of contention in one case. The cooperative, whose planned project was just outside the city limits, favored annexation to the city in order to obtain city conveniences; the rest of the community was unwilling to pay the higher taxes involved.

Anticipated lowering of property values was a frequent cause of difficulty. However, a number of projects were able to demonstrate that the quality of the cooperative dwellings was as good as or better than those already in the locality.

Three associations, whose projects were opposed in the beginning, won good standing by bringing in utilities usable by the entire neighborhood. In one of these, (a veterans' organization) a petition was circulated by real-estate interests fearful of the erection of cheap houses. Opposition disappeared when the cooperative, in the course of developing its project, brought in utilities not hitherto available, raising values on all the surrounding land. Another association in similar circumstances received help from the neighbors when they realized the advantages of sharing its water system.

The type of dwelling or style of architecture was the basis of an unfavorable neighborhood reaction in several cases. Modern architecture was the cause in three co-ventures. However, familiarity and social contacts overcame this negative attitude. One all-the-way cooperative, at first an object of derision in a region not accustomed to the modern style, had not only become accepted but was a matter of local pride.

Cooperative failure to investigate zoning regulations in advance caused some trouble. In one case, local opposition prevented a change in zoning sought by the cooperative, that would have permitted the erection of apartment houses as well as individual dwellings. The association therefore had to confine its construction to single-family dwellings. By the time the study was made local opposition had disappeared, hastened to some extent by the fact that some of the more vociferous objectors later moved away, but zoning regulations still prevented multiple-family housing.

Several other cooperatives bought sites in places where most of the land was in large estates. The advent of the cooperative with its plan for moderate-cost houses immediately aroused opposition from the estate owners.

In one extreme instance of this kind, a veterans' association had to make a long fight and even go to court in order to win the right to proceed. The facts, as brought out in the court proceedings, showed that before starting work on the land, the cooperative had ascertained that the type of house it planned to build complied with existing requirements. However, the landowners (previously unsuccessful in two lawsuits against the cooperative) succeeded in getting the township commissioners, 2 years after the association had started, to pass an amendment outlawing in that district the size of house contemplated in the project. The cooperative, taking the matter to the county court, won a decision directing the commissioners to issue a building permit to the association. This proved to be a Pyrrhic victory for the cooperative, however. The legal costs, the long delays (with consequent loss of members), etc., proved to be too much, and the association was finally forced to liquidate, early in 1951.

Failures of cooperative housing projects caused some unfavorable reaction. At least one organization had to live down an unfavorable attitude resulting from the failure of a previous housing cooperative; it was successful, however, and its relations in the community at the time



FIGURE 35.—Home of Mexican-born member (member of board of directors) of Mountain View Homestead Association, Tracy, Calif.

of the survey were good. Another (composed of veterans) reported “strong sales opposition” among the groups it was seeking to enlist as members. This was attributed by the association to the failure of a co-venture in an adjoining city, and to opposition from local realty interests.

Three cooperatives, forced out of business without completing their projects, originally received favorable reception; the failure of the project changed this to an unfavorable attitude.

Hostility to newcomers of any kind seems to have been the underlying cause of opposition in one case. The land chosen was in a wild, overgrown, mountain area in which the only houses were moderate-cost dwellings occupied by persons who had gone there to obtain privacy and a great deal of room. As one of the cooperative’s first steps in building, excavations had to be made in the steep hillsides to produce level space sufficient for houses and yards. A measure was passed by the city council, at the request of the residents, just after the cooperative project got under way. It provided that the material excavated had to be hauled away in not to exceed 2-ton loads. As one cubic yard of the decomposed granite of which the ground consisted weighed $1\frac{1}{2}$ tons, the effect of this was to make the cost of excavation prohibitive¹ and delay the project indefinitely.

¹ One of the cooperative’s officers stated that the job would require the use of a bulldozer and a loader at \$11 an hour each, and at least six 2-ton trucks at \$6 an hour each.

Racial considerations played a prominent role in several instances. One all-the-way project, sponsored by a church group, caused no noticeable stir in the locality until the presence of Orientals and Negroes in the membership was noted; one Negro was an officer of the association. A petition was circulated in the community with the idea of forcing the cooperative to change its policy. This tactic failed but in the year that elapsed after this effort was made, the secretary reported, public opinion had changed again “and now the community is in complete cooperation with the project.”

Another project not only overcame the initial hostility but was invited to (and accepted) membership in the civic association of the township.

In a third case the cooperative adopted the policy of inviting the neighbors to meetings at which the racial policy was discussed fully and frankly. As acquaintance and understanding developed, opposition disappeared. This association makes no particular point of its inter-racial character. When a new family is considered joining, it is called upon by a committee consisting of a Negro, a Mexican, and one other member. If the family has any prejudice or racial feeling, it drops out at this point, and possible future controversy is thus avoided.

One dissolved cooperative had had a bylaw against any racial or other discrimination, and several Japanese-American families were admitted to membership. Officials reviewing the association’s history were of the opinion that the presence of this minority group was responsible for many if not most of the troubles of the association. The cooperative, however, never yielded in its nondiscrimination attitude. It reported that community opposition manifested itself in the circulation of a petition to prevent the building of the project; in offers of money to cooperative officers if they would use their influence to induce the cooperative to change its policy; in threats of physical violence against them when that move failed; and in the intimidation of lending agencies and at least one contractor who had indicated a willingness to deal with the association, with the result that they withdrew. The association was unsuccessful in

obtaining FHA insurance,² and after 4 years of effort, sold its land and dissolved.

Among the newer apartment associations, two reported no neighborhood reaction when the project was started; in both cases, the land was in an undeveloped area. Two projects that went into a slum district received a favorable reception from property owners there because of the project's ultimate effect of raising the value of adjoining properties.

The mutual projects were built in wartime by the Government to fill an urgent need for quarters for workers in shipyards, airplane plants, and other war industries. Although there may have been opposition to the location of individual projects in the spot chosen, such hostility had usually long since disappeared by

the time the mutual association took over. In one case, however—a project built in a fairly wealthy section—dislike of the project was still manifest in 1950.

One mutual reported that the neighbors favored it because they thought the members would be more desirable than the workers for whom the project was built. Several, however, experienced considerable local opposition when they began negotiations to buy the project. In most cases this was reported to have come from special-interest groups that desired to bid in the project cheaply for rental purposes. One association, although outside the city limits was opposed by the city's mayor and real-estate men and would have failed had it not been for assistance by a prominent firm of lawyers.

Two Negro associations had difficulty because another group of their own race (mostly non-residents of the project) tried to buy the projects or, failing that, to control their policies.

² The FHA's rejection, after 2 years' consideration of the project, was on the ground that "neighborhood influences do not indicate sufficient stability of this location for continuing residential use in accordance with the requirements established by FHA."

Chapter VII.—Cooperatives and the Federal Government

Cooperatives Under National Housing Act¹

In the joint effort of industry and Government to find ways and means to achieve the national objective of suitable living accommodations for every American family, it became apparent that cooperative effort by groups of people desiring homes or apartments could in some measure meet a part of the recognized need for moderate- and lower-priced units.

The first step taken to provide Federal assistance to privately financed nonprofit housing cooperatives was in the form of amendments to Section 207 of the Housing Act of 1948. Under this legislation the FHA was authorized to insure long-term high-percentage mortgage loans to nonprofit housing cooperatives at moderate interest rates.

The program was relatively successful considering the many obstacles that had to be overcome. Cooperative housing by its very nature places a burden upon a group of people of modest means, engaged in all types of work, who are inexperienced and uninformed concerning problems of real estate and building. Section 207(f) contained no provision for furnishing technical advice and assistance to such groups. Another obstacle was the hesitancy of lenders to finance cooperatives. FHA has faced this problem with virtually every new mortgage-insurance program and finds it is relieved only as lenders gain experience in the new types of financing. In addition to the lack of experience on the part of cooperators and lenders, there was also a lack of experience and understanding on the part of FHA insuring offices in this comparatively new field of insured mortgage financing.

Valuable experience gained in 2 years of operation led to the passage of a new section in the Housing Act of 1950. This new Section 213 broadens the FHA cooperative-housing mortgage-insurance program, for in addition to spe-

cial provision for FHA mortgage insurance on projects built by nonprofit cooperative corporations or trusts to provide housing for members, it authorizes the Federal Housing Administration to furnish technical advice and assistance in the planning, development, construction, and operation of cooperative housing projects.

Under the terms of Section 213, the Cooperative Housing Division was established in the Washington office of the Federal Housing Administration. Its legal advisory section is prepared to advise groups on organizational steps and FHA legal requirements. A technical advisory section renders advice and assistance on land planning and architectural matters. A management advisory section will assist cooperative groups in all phases of management, including administration, fiscal, and maintenance activities.

A public interest group, consisting of representatives of labor and veterans' organizations, community interest groups, housing associations, etc., has been formed. This group meets regularly with the Cooperative Housing Division staff for the discussion of policies and procedures governing FHA cooperative housing activities. Meetings held with representatives of lending institutions have clearly demonstrated that mortgage financing is available for projects constructed by cooperative groups under Section 213. Builders have evidenced an enthusiastic acceptance of this form of activity.

All processing of applications, preliminary analysis and underwriting activities of the Federal Housing Administration are carried on through the various State and district offices where full information, guidance, and assistance may be obtained. Procedures have been established which insure prompt consideration and action on requests for preliminary analysis as well as on applications for mortgage insurance.

An information kit on cooperative housing has been prepared by the Federal Housing Administration, which includes a Summary of In-

¹ This section was supplied by the office of Warren J. Lockwood, Assistant Commissioner, Federal Housing Administration.

formation, a Guide to Cooperative Housing, a copy of the Administrative Rules and Regulations, a Model Form of Certificate of Incorporation, and a description of the steps which should be followed in order to bring a cooperative housing project into being. This kit is available for distribution to interested groups and may be obtained at any State or district office, or by addressing a request to the Assistant Commissioner, Cooperative Housing Division, Federal Housing Administration, Washington 25, D. C.

For further information on the regulations and procedures to be followed in obtaining mortgage insurance under Section 213, see Appendix C, page 130.

Mutuals and Public Housing Projects²

Under the defense housing program of the Federal Works Agency, eight projects (the so-called "Westbrook projects") were designated for eventual sale to nonprofit housing corporations formed by the tenants. During the war, however, the dwellings were placed on a rental basis, managed under the direction of the Public Housing Administration, in order to insure their being available for war workers. The eight projects were the following:

	<i>Number of dwellings</i>
Greenmont Village, Dayton, Ohio.....	500
Walnut Grove, South Bend, Ind.....	250
Avion Village, Grand Prairie, Tex.....	300
Dallas Park, Dallas, Tex.....	300
Winfield Park, Linden, N. J.....	700
Audubon Park, Audubon, N. J.....	500
Bellmawr Park, Bellmawr, N. J.....	500
Pennypack Woods, Philadelphia, Pa.....	1,000
Total	4,050

By January 1951, the first five had successfully negotiated a purchase contract, the sixth was operating the project under a lease, and the last two were still under PHA management.

After the end of the war, 20 other war housing projects (with 6,335 dwellings) were sold to mutuals. These included, however, only those of permanent construction, built to house workers employed in plants regarded as "definitely established parts of the industrial life of the community in which they are located." This

² This section was supplied by the Division of Economics and Statistics of the Public Housing Administration.

therefore ruled out flimsy construction in purely war-born places, which were likely to be abandoned after the war. One "greentown" Greenhills (near Cincinnati, Ohio) was also sold to a mutual, and the sale of one other such project to a mutual was under consideration when the disposition of all Government-owned housing was suspended in August 1950.³ Of the 5 large war housing projects built for family use by the Defense Homes Corporation, only one, Naylor Gardens in Washington, D. C., was sold to a mutual.

Sales Procedures

The acquisition procedure in the case of the Westbrook projects was as follows: (1) Formation of a nonprofit mutual home ownership corporation; (2) negotiation of a lease (with option to buy) when a sufficient proportion of residents had joined the mutual; (3) management of the property by the mutual during the period of the lease; (4) exercise of the right of option, before the expiration of the lease; and (5) negotiation of a purchase contract. The mutuals in the other projects were organized in the same way but, unlike the Westbrook mutuals, they were not given a "testing time" (as in (2) and (3) above) in which to learn how to manage the project while operating it under a lease. They did, however, receive considerable advice from PHA during the organizational period and immediately afterwards.

Terms of sale: No down payment was required from the Westbrook projects. At the time of sale the mutual corporation received title to the property, but gave the Government a mortgage for the entire purchase price and a promissory note for which the mortgage was security. These obligated the mutual to make, over a period of 45 years, monthly payments totaling about one forty-fifth of the purchase price per year, plus 3 percent interest on the unpaid balance.

The other mutuals received somewhat less favorable terms. Thirteen were privately financed (with mortgages insured by FHA under Section 610 of the National Housing Act), on the following terms: A minimum down payment of 10 percent, a mortgage term of up

³ Negotiations for this project were resumed in May 1951.

to 25 years, and interest (exclusive of one-half of 1 percent FHA mortgage-insurance premium) of 4 percent. Five projects were sold on the following terms by PHA: Five percent down, 25 or 40 years' amortization, and 3½ percent interest on the unpaid balance. Two other projects were sold by PHA with a 10-percent down payment, 25 years' amortization, and interest of 4½ percent in one case and 4 percent in the other. These projects, in turn, had to require of their members a down payment of at least the same percentage as the association was required to advance, plus the member's pro-rata share of the organizational and closing costs. Some were not able to amortize their members' obligations faster than their own (1) because their own mortgage term was so short and the members could not be expected to finish paying in an even shorter term, and (2) because for all FHA-insured mortgages and for some PHA mortgages, the monthly payment for interest and principal combined is uniform throughout the life of the mortgage (i. e., is on the "level payment" basis), and the member's payment for debt service therefore does not decline over the years as the cost of repairs, maintenance, and replacements increases.

Types of War Housing Purchasers

The number of permanent housing units sold by PHA to four types of purchasers, for use on the site where the housing was situated at the time of sale, is shown in table 32. (Sales of temporary and permanent units to be removed from the site by the purchaser are not included, as they had no interest for mutuals.) Not all the dwellings sold to individual owner-occupants are actually occupied by the owners, because many 2-, 3-, and 4-unit buildings were sold with the understanding that the purchaser would occupy one unit and rent or (in rare cases) sell the others. Among the dwellings built under the subsistence-homesteads and greentowns programs, only those in the latter were made available to mutuals.⁴ The others were designed for individual home ownership.

⁴ The subsistence homesteads built for "families not deriving their principal income from operating or working on a farm" were transferred to PHA in 1942. Previously, some projects were sold to non-profit homestead associations, which resold the units to the individual occupants on long-term purchase contracts.

TABLE 32.—Number of permanent family-type dwelling units sold by PHA, by type of purchaser and program under which built, end of 1950¹

Program under which units were built	Number of dwellings sold to—				Total
	Mutual ownership corporations	Individual owner-occupants	Investors (non-occupants)	Government agencies and non-profit organizations ²	
Public war housing.....	8,385	11,474	3,405	1,328	24,592
Defense Homes Corp.....	757	3,054	4,599	86	8,496
Subsistence homesteads and greentowns.....	680	3,123	0	21	3,824
United States Housing Act ³	0	69	0	692	761
Total.....	9,822	17,720	8,004	2,127	37,673

¹ Excludes units sold for use off the site.

² Excludes mutual ownership corporations.

³ Includes 4,050 units in projects originally designated for mutual housing.

⁴ Excludes limited-dividend corporation projects.

Disposal Policies for War Housing⁵

In the sale of permanent war housing, mutual ownership corporations, like other ultimate consumers, have been given certain preferences over private investors. Such preferences have been contained in all disposition policy statements issued by the Housing and Home Finance Agency and its predecessor, National Housing Agency, and, since April 20, 1950, by the Lanham Act itself. The more important preferences consist of the sequence in which permanent war housing has been offered to different types of purchasers (i. e., priorities), the price set by the Government, and the terms of payment acceptable to the Government.

Priorities accorded to mutuals: The Government's disposition policy has always required that unless otherwise disposed of (e. g., transferred to the Department of Defense or to a local housing authority for low-rent use) permanent war housing was to be sold for private residential use. It has also always given top priority to consumers (i. e., occupants and prospective occupants), including groups organized into mutual ownership or cooperative organiza-

⁵ This summary covers policies affecting the sale to mutuals of permanent housing developed under the Lanham Act, the Temporary Shelter Acts, and Public Law 781 (76th Cong.), but does not cover those applied to the projects initially designated as mutual housing communities (i. e., the "Westbrook projects"). It is based on the following policy statements: NHA Regulation 60-13 (as amended by 60-13A and B) effective January 15, 1945; HHFA Public Regulation No. 1, effective August 27, 1947; and Title VI of the Lanham Act, enacted April 20, 1950. All relevant FPHA and PHA manual releases have also been examined, but reference is made to them only where they clarify or supplement the basic policy statements.

tions. For projects or portions of projects that could not be subdivided so as to make them "suitable for individual ownership," groups of consumers (including mutuals) have always been given preference over all other purchasers.

Under NHA disposition policy (January 1945 through mid-1947) mutuals were also accorded the same priority as individual consumers in the sale of projects suitable for individual ownership. The decision as to whether the units should be sold to a mutual meeting certain membership and financing standards or to individual occupants and prospective occupants hinged on "the best interest of the Government taking into account the probability of the ultimate collection of principal and the possibility of houses remaining unsold."⁶

The possibility of mutuals competing with individual consumers was eliminated by HHFA Public Regulation No. 1, which replaced the NHA policy in August 1947.⁷ That regulation emphasized the subdivision of projects for sale as individual buildings and provided that on subdivided projects sales preference was to be accorded only to individual consumers. Buildings containing 1 to 4 units, not sold to individual occupants or prospective occupants, were to be sold to private investors. The regulation provided that "adequate opportunity may be given to groups of preferred purchasers [including mutuals] to purchase a multifamily dwelling, a group of dwellings, or an entire project * * *," but only "where it is not feasible or consistent with a practicable plan of disposition * * * to subdivide a project for the separate sale to individuals of dwellings in the project." The PHA policy statement issued pursuant to Title VI of the Lanham Act (which displaced Public Regulation No. 1 in April 1950) continues the policy expressed by that regulation.⁸ Title VI itself permits the sale to mutuals of projects composed of buildings containing 1 to 4 units, more than 4 units, or both.

Public Regulation No. 1 also tended to increase the number of units for sale to individuals by requiring that "projects * * * shall be subdivided into the smallest feasible units of sale consistent with a practicable plan for their disposition." This policy was adopted "in order to encourage home ownership, and facilitate participation in the disposition program by small investors." Title VI of the Lanham Act is silent on this point, but the requirement that projects be subdivided into the smallest feasible units reappears in the PHA policy statement issued pursuant to that Title.⁸

Valuation of projects: All statements of disposition policy provide that sales to consumers be made at prices established by PHA, but those to investors are to be set by competitive bidding. Prices under early policies were to be equal to "reasonable market values, based on competent appraisal: provided, that advantage shall not be taken of scarcity in the market to obtain inflated prices."⁹ This phrase was subsequently changed by Public Regulation No. 1 to read "fixed prices determined * * * on competent appraisal on the basis of the long-term value of the dwelling (including the land, appurtenances, utilities, and facilities allocated thereto)." The key phrase in the most recent policy statement⁸ is "fair market value." The latter two phrases were both defined by the same PHA operating instructions as "the price which typical buyers would be warranted in paying for the property for long-term use or investment * * *."

Terms of sale: All policy statements have indicated that sale should be made for cash, and that necessary financing should be obtained in the private financial market, but numerous exceptions have been made. Both the NHA policy statements and the recent PHA statement made pursuant to Title VI of the Lanham Act⁸ recognized that it might not always be possible to get private financing, and specifically authorized the granting of terms in such cases. The maximum terms permitted by FPHA regulations, and more recently by Title VI of the Lanham

⁶ FPHA Manual of Policy and Procedure Sec. 3550:10 (January 23, 1945). The same language may also be found in the succeeding FPHA statements: Sec. 3550:2 (October 29, 1945, June 14, 1946, and August 31, 1946).

⁷ FPHA Manual Sec. 3550:2 (April 18, 1947) anticipated one restriction in P.R. No. 1, by limiting mutuals to purchasing units "not suitable for individual ownership."

⁸ PHA Manual of Policy and Procedure, Sec. 3551:2 (July 7, 1950).

⁹ NHA Regulation 60-13 (Jan. 15, 1945).

Act, are shown in table 33. Public Regulation No. 1, on the other hand, required that "all sales shall be for cash, with such financing as may be required to be secured in the private financing market under the provisions of Section 610 of the National Housing Act, as amended, or otherwise." Section 610, on which so much reliance was placed by the regulation, was an amendment adopted at that time permitting FHA to insure loans up to 90 percent of the appraised value of the property and for periods up to 25 years. The Administrator recognized in his 1949 annual report "the difficulty in securing private financing on reasonable terms even with FHA mortgage insurance, especially on mutual ownership purchases" and promised that "a revision of the regulation will be made to permit even greater flexibility."¹⁰ Nevertheless, the

TABLE 33.—Standard financial terms for sale of permanent war housing to mutuals¹

Effective dates	Minimum down payment (percent)	Maximum amortization period (years)	Interest rate (percent)
January 23, 1945–May 3, 1946.....	(²)	(²)	(²)
May 4, 1946–April 17, 1947.....	³ 5	40	3½
April 18, 1947–August 26, 1947 ⁴	³ 10	⁵ 25	4
August 27, 1947–May 3, 1950.....	(⁶)	(⁶)	(⁶)
May 4, 1950–April 22, 1952.....	10	25	4
April 22, 1952 onward.....	10	25	4½

¹ "Westbrook projects" received special terms not shown here. Term sales were authorized only when adequate private financing was not available.

² "Appropriate terms in the light of local financing practices and the necessity for prompt disposition."

³ Plus net earnings during operation by mutual under sales contract.

⁴ Terms in Wagner-Ellender-Taft Bill (S. 1592) which passed the Senate April 15, 1946.

⁵ Amortization by the mutual (but not its members) might be extended up to 40 years under the "Equity Reserve Plan."

⁶ Cash only; terms granted only by exceptions made by the Administrator.

cash requirement remained the written policy of the agency until the adoption of Title VI of the Lanham Act in April 1950. To facilitate FHA-insured private financing, Public Regulation No. 1 required, and the recent PHA policy statement⁸ now provides, that consultations be held with FHA before a price is set on projects to be sold to consumers.¹¹

⁸ PHA Manual of Policy and Procedure, Sec. 3551:2 (July 7, 1950).

¹⁰ Third Annual Report, Housing and Home Finance Agency (1949), p. 60.

¹¹ PHA Manual of Policy and Procedure, Sec. 3550:3, Part III, paragraph 11 (issued pursuant to PR No. 1) set forth detailed procedures for attempting a reconciliation of PHA and FHA valuations. The new procedure issued pursuant to Title VI of the Lanham Act (PHA 3551:2) merely required the consideration of the FHA valuation in setting the price, since Title VI explicitly authorizes term sales (Sec. 607 (f)).



FIGURE 36.—Two types of apartment dwellings at Greenbelt, Md.

Disposal of "Greentown" Projects

The statutory authority originally governing the disposal of the suburban resettlement projects (Greenbelt, Md., Greenhills, Ohio, and Greendale, Wis.) was sufficiently broad to authorize sale of these projects to mutuals without specifically naming them, but permitted no special preferences or terms in their favor. A complete review of this statutory authority, which has developed over the years beginning with the National Industrial Recovery Act in 1933, would be a large undertaking and would now serve only a historical purpose because no units were sold until after the enactment of Public Law 65 in May 1949 which specifically grants preferences to "veteran groups organized on a nonprofit basis" which the act defines to include, but not to be limited to, "mutual ownership or cooperative housing associations or limited-dividend corporations which by the terms of their charters and bylaws have limited their rate of return to a rate no higher than the Public Housing Commissioner deems reasonable and necessary."

Chapter VIII.—Problems of Cooperatives

Some of the obstacles faced by housing cooperatives have been implied in the preceding discussion. In addition, there were numerous special problems that had to be solved in carrying out the projects. In general, many of the problems were not peculiar to cooperatives but are inherent in this very complex industry. Also some of the difficulties were traceable to the cooperative officers' inexperience and lack of foresight.

Bylaw and Legal Problems

A few associations reported difficulty in formulating bylaws or in meeting legal problems. One all-the-way cooperative organized under the District of Columbia Cooperative Act discovered that it would be at an extreme disadvantage under the laws of its own State. It therefore reincorporated under the State non-profit law. Changes also had to be made in the bylaws, to provide that lenders would be legally involved only on property to which they had made a loan. A co-venture cooperative tried to incorporate under the nonprofit act of its State, but learned that such an organization could not hold land; there was also the question of the right of a nonprofit association to give a clear title or to finance housing activities. It therefore incorporated under the regular corporation law of the State.

The mutuals, for the most part, followed a regular pattern, with the articles of incorporation, bylaws, and contracts including provisions already formulated by FPHA or PHA. However, one organization dealing with three Government agencies (PHA, FHA, and RFC) reported difficulty in reconciling the demands of the three and in making the many changes required. Another tried to organize as a stock corporation, but could not get permission from the State Securities Exchange Commission to sell stock, and ended by incorporating under the nonprofit act.

Acquisition of Land

In common with all builders many associations in highly industrialized areas found it difficult to find suitable land at prices they could afford to pay. In one or two cases the land finally chosen was bought not because of the members' enthusiasm for it but because it was either the only adequate tract available or the only one whose price was within their reach. One of these associations considered itself fortunate in discovering a very well-situated tract of tax-delinquent land, after a whole year's search. Various postponements of the tax sale, however, delayed acquisition for another 7 months. Thus this one stage of operation alone consumed over 1½ years' time.

Another association in the Midwest suffered loss of time and money when a landowner, with whom it had a verbal agreement and was ready to conclude a purchase contract, withdrew from the sale. Relying on his word, the association had done a good deal of preliminary work on the land. Another association had almost the same experience. Also relying on verbal agreement, it proceeded to make an agreement with a contractor, only to find that in the interval the landowner had sold so many of the lots that the tract could no longer meet the cooperative's requirements. More time and effort were therefore consumed in discovering and acquiring another site.

Another stated that one of its worst problems, taking a great deal of time, was to clear up the liens on the land, in order to get title.

A number of cooperatives bought land outside city limits in order to escape the city's higher tax level and more stringent regulations that would mean greatly increased costs. Even so, several ran into county regulations that involved additional expenses.

One group, under the impression that it was buying county land, discovered the site to be in

a narrow strip of high-tax city land jutting up into county territory. However, as the tract was in an agricultural area but was unsuitable for farming, it was obtained at a price sufficiently low to offset some of the additional city costs.

One association, taking over a large tract, discovered that many problems were involved in carrying out its subdivision under State and county laws. In the time-consuming process it learned a number of shortcuts which one of its officers intended to write out for the benefit of other groups.

Building Codes and Zoning Regulations

Comparatively few associations had any difficulty with building codes or zoning regulations. One all-the-way cooperative bought land in a wealthy area, where the regulations required a minimum of 2 acres of space for each dwelling. This resulted in considerably higher land costs than the cooperative anticipated.

One co-venture drew up a plan for a balanced community, including apartment buildings and detached and semi-detached houses. The cooperative's petition for a revision of the code to permit apartment buildings was rejected after local residents opposed the move. As a result, the association confined itself to single-family dwellings. It started with 24 detached houses; and when these were completed two other groups were begun. However, the delay in a period of rapidly rising costs and the association's inability to provide more than a few dwellings at a time inevitably meant financial problems, loss of some members who could not wait, and serious uncertainty as to the future.

In another case, the cooperative project was delayed for over 2 years because of a building regulations amendment, passed after the cooperative had begun work. The amendment would have prohibited the kind of houses previously allowed (the only kind the members could afford). A court case brought by the association resulted in a favorable decision.

None of the apartment associations reported difficulties with zoning or building codes, because they were all in cities and were subject to the prevailing city regulations.

Both zoning and building-code problems arose for mutuals because the Federal Gov-

ernment, in its effort to get war housing projects built speedily, using as few critical materials as possible, did not always conform to all code and zoning requirements. Therefore, it has been necessary in several cases to obtain waivers of those requirements from the local authorities before the projects could be sold. The delays in securing such waivers account in a number of projects for the delays experienced by the mutuals in concluding sales contracts with PHA.

Installation of Utilities

Inexperience led to difficulties with regard to utilities in some cases. A number of associations that considered themselves most fortunate to obtain good but unimproved land at a reasonable price discovered later that the cost was very much higher by the time the land had been cleared, surveyed, and provided with ingress road and interior streets, and with sewer, water, gas, and electricity.

One cooperative bought a very attractive piece of land just outside the city limits, well-drained, on a new highway, with excellent scenic views, and with a new shopping center going up several blocks away. Electricity and gas had only to be brought in from the highway. In order to obtain sewer facilities, however, the association had to lay a connecting sewer line (at a cost of \$6,000) to the nearest point 2,000 feet away. Unable to obtain water from nearby private water systems, it negotiated a four-way arrangement with a builder beginning development nearby, a large landowner, and a group of small homeowners whereby together they financed the construction of an 8-inch water line, 6,000 feet long. The association's share of this cost was \$4,500. By the time all these utilities had been provided for and roads and other site improvements made, the per-acre cost to the association had risen from \$1,000 (acquisition cost) to slightly over \$5,000. Because of this and the increased house-construction costs, the association estimated that the dwelling cost per member was at least \$1,000 to \$2,000 more than had been expected in the beginning.

A Midwest association had to install a water system (consisting of water works, water-softening plant, and distributing system) costing \$33,000. In another case, also in the Mid-

west, the utilities (water supply and sewer) cost \$69,000.

A Far West cooperative, in addition to building a lead-in road, also had to sink a well, build a pumphouse and tower, and install a water-distribution system. These expenditures raised the land cost by about \$1,300 per lot, causing some of the members to withdraw (the initial prospectus had estimated the development cost at about \$600 per lot). The development costs totaled \$30,000.

Another in the same area had a difficult development problem because of the hilly terrain and the isolation of the tract. In addition to streets within the project, the organization had to build an ingress road 1.3 miles in length, sink a well to provide water, and install a water-distribution system. In order to get telephone service it built a station to house the telephone facilities and equipment, costing \$22,000.

In another association, the members had to raise \$20,000 in cash, within 48 hours; this sum was required to be posted (in lieu of a construction bond) for the building of the road into the project. The road cost the association \$19,000.

A cooperative in the Mountain States not only had to put in its own sewer system, but had to lay 2 miles of 8-inch water line. It was fortunate in being able to share the cost of the latter with the developer of a neighboring subdivision. This association also had to dig 10 miles of sewer trench. It bought a ditching machine for the purpose, which it later used to dig the trenches for the house footings. By that time the machine had paid for itself in the savings made. The association expected to sell it after it had served its purpose.

An eastern association, whose project was at the top of a steep grade, installed a system of steam pipes under the road up the hill, to keep its surface free of ice and snow and thus insure access to the project in winter. The road cost \$5,000 and the heating system \$3,000.

One association was fortunate to have utilities available at the edge of the land, and the utility companies were willing to make the connections free, in view of the large number of houses involved (77). Another was able to use a sewer and water system put in by the previous owner, who had expected to develop the property.

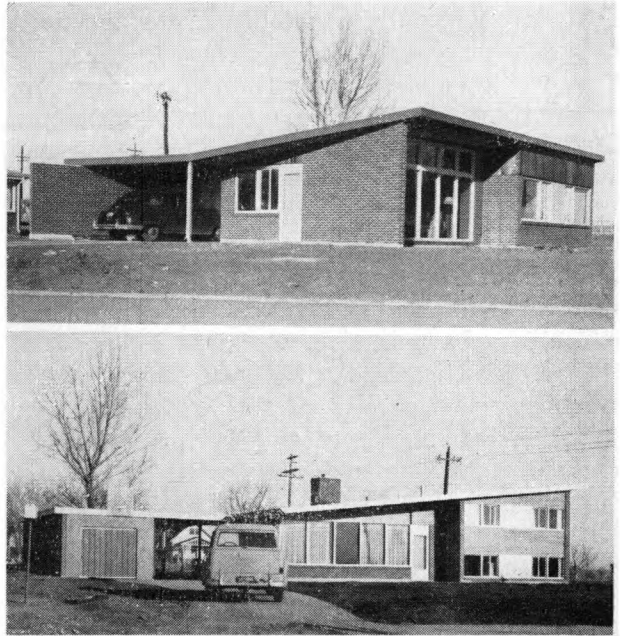


FIGURE 37.—Dwellings at project of Mile High Housing Association, Denver, Colo.

The apartment associations reported no particular problems in connection with utilities. The mutuals, also, had no unusual utility problems since the Government constructed the projects.

Relations with Architects and Contractors

Few cooperatives reported difficulties with either architect or contractor. In several of the associations building houses the *architect* was a member of the association and became a resident in the project. These associations without exception expressed themselves as well pleased with their work. One association reported that it "has never regretted its choice of architect. He proved to be ideal in every way. He had patience with individual families' desires and yet never lost sight of the desire for an architecturally harmonious community."

Whether justified or not, some cooperatives criticized the architectural plans as being impractical or in some cases failing to meet FHA requirements, thereby increasing costs unduly.

Expenses and delays resulting from unsatisfactory relations with *contractors* were reported in a few cases. One all-the-way cooperative reached an agreement with a contractor and filed an application with FHA. When, sud-

denly, the contractor demanded a substantial increase in price (about 4 percent), the association decided not to continue with his services. When the association was ready to close the contract with a second contractor, the latter suddenly withdrew from the agreement and filed a lien for a penalty fee of \$1,800 (included in the contract to cover the contingency of a withdrawal by the association, not the contractor). As the situation was urgent, the cooperative's bargaining power was so impaired that a third contract, with still another contractor, lacked several of the safeguards that the others had incorporated (sharing of savings, and the right to inspect the books). The association not only resisted payment of the \$1,800 but sued the second contractor for \$30,000 damages.

A co-venture association underwent long delays while its small contractor (just getting started) was trying to make bond. With the association's assistance he eventually did so. An officer of this association stated that, notwithstanding these difficulties, the association's relationship with the contractor was regarded as having been well worth while. His work was efficiently done, good in quality, and the association's respect for him increased consistently.

Another organization reported that, under its cost-plus contract with the contractor, costs had risen so sharply that the members couldn't meet them. They therefore withdrew, leaving the association with dwellings priced above their intrinsic worth and unsalable at their cost to the association. To add to its troubles, the contractor had filed liens on all the completed work.

A large dissolved association that completed its project had obtained construction financing from a lender in another city. The arrangement resulted in "very loose control" over the builder and errors slipped through that were difficult to correct after the bills were paid. The association reported, also, that the builder had "carried over numerous detrimental practices from his days of cost-plus operation."

Relations with Labor

Few problems were reported in regard to labor relationships. Several associations had suffered delays and other inconveniences when

caught in city-wide building-trades strikes. One or two self-help cooperatives had experienced some difficulty with local building-trades unions. Usually, no continued difficulty was raised to a member's working on his own house; objection came particularly when groups tried to use the pooled-labor or exchange-of-labor method. In one case, the unions objected to the members' doing any work on their houses. After several joint cooperative-union meetings were held, in which the matter was threshed out, the union agreed that it would interpose no further objection, provided union labor was used in the construction of the "shell." The union remained adamant in its opposition to the members' exchange of labor, however.

In several veterans' cooperatives the members disregarded the unions' objections.

Some of the self-help projects were in small places where there was no labor organization in the building trades.

Self-Help as a Disadvantage

Some cooperatives discovered that there are certain disadvantageous aspects to the use of self-help methods.

One all-the-way association commented that, since its members were doing practically all the work on their own homes—and all had full-time wage-earning jobs—a long period must necessarily elapse before the houses could be finished. In some cases, families desperate for shelter were occupying a shed or garage until the dwelling was far enough along to permit occupancy. Sometimes money ran out after the land was paid for and the basement built, so that the basement had to provide the living quarters until the family resources again permitted the resumption of building. All these things, it was pointed out, are likely to make more prosperous neighbors regard the cooperative with disfavor as lowering the local tone and property values. In the case of this association, these factors also hindered the obtaining of financing, as the units and their owners were regarded as undesirable financial risks. Lack of over-all financing, in turn, has, the cooperative states, "led to costly delays and expedients in our case."

Another difficulty for self-help associations

(in which the members are to build their houses themselves) is the impracticability of FHA insurance for them as cooperatives, because they cannot furnish the necessary performance bond that sets a definite date for completion.¹ In at least one case, however, this difficulty was overcome by an arrangement with the contractor who was to build the house "shells," whereby the members were made employees for the purposes of performing the inside finishing and other processes.

Problems of Finance

Financing was almost without exception the greatest stumbling block reported. Most of the people who joined the housing cooperatives were persons of the lower middle-income group, whose common bond was an urgent need for housing and the hope of getting a better quality and price by banding together.

Initial funds: At the very start money had to be raised for circulars or descriptive material, to cover costs of incorporation (including attorney's fee), to take option on an available tract of land, and a host of small expenses that became large in the aggregate. Even with all services by officers and committees contributed, initial funds for such purposes were necessary.

Some organizations met this situation by assessing a membership fee of varying size. However, the procedure depended largely on the State law under which they were operating. All associations incorporating in one Far West State providing for capital-stock organizations experienced difficulty in getting State authority to sell stock for funds needed for initial expenditures. One association reported that it was finally granted such authority, but for 1 year only, and the money so raised had to be placed in escrow.

Experience with Lenders

In some cases cooperatives were still faced with construction financing and development problems they had been unable to resolve. Two associations, both successful in developing the first section of their tract, were nevertheless

having difficulty in obtaining financing for additional sections. One reported that after it had completed its first groups of houses, it had had no trouble in finding long-term financing, but still could not obtain construction financing. In succeeding sections, therefore, the association believed that construction could no longer be carried on by the association but would have to be done by the individual members, thus forfeiting the advantages of multiple production. This association had started out to be an all-the-way cooperative but could not obtain financing on that basis. The other association was doubtful whether, in view of rising costs, it would be able to negotiate a fixed-fee contract for its next group of houses.

One all-the-way cooperative had its application for financing rejected "by about 40" lending agencies—some because it was a cooperative, others because of the extreme modern style of architecture of the planned houses, and still others because of its bylaw policy of racial non-discrimination (actually all the members were white). It finally had to finance its first houses completely and then obtain mortgages on those to finance a second group. Eventually it obtained an over-all 60-percent uninsured mortgage.

Another all-the-way association operating on an interracial basis was unable to obtain financing as a cooperative.² It then adopted the following procedure: When a member paid for his land he was given title to it; he then arranged for individual financing, but when the house was completed he gave the association a quitclaim on it. In this way the cooperative character of the organization was retained.

A self-help association's application for financing was rejected because the type of houses planned were below the FHA standards. To make them conform would have increased the cost beyond the members' reach. The association therefore adopted the plan of itself financing one house after another, putting a mortgage on them when completed, and using the money for additional dwellings. This procedure necessarily meant very slow progress, of course.

¹ FHA officials advise, however, that as individuals, they can obtain insurance under Section 8, Title I of the Housing Act.

² Early in 1950 it was rated as eligible for FHA insurance for members.

Two co-ventures that had themselves carried on the house construction were rejected by lending agencies. In one case the lenders were unfamiliar with the cooperative type of organization and doubted its financial stability. Since the association could not obtain funds as a cooperative, it had to give up the cooperative-ownership feature it had started with and reorganize as a co-venture, giving members titles to their dwellings. The other association reported that its loan application on the cooperative basis encountered delays in "at least 12 lending agencies." Its application was never definitely rejected, nor was any discouragement offered. The association was simply kept waiting, indefinitely, until it became "fed up" and went elsewhere. It eventually reorganized as a personal trust, only to be rejected on the ground that the income of the trustee (who was acting in behalf of himself and four other members) was insufficient to bear the carrying charges on five houses. The group finally raised the money from friends, relatives, credit-union loans and other sources.

Delays in obtaining financing and in the processing of the mortgage papers led, in another instance, to the withdrawal of a contractor with whom the cooperative had reached an agreement. A second cooperative was rejected for financing because of the modern architecture and the extremely rough terrain of its site. The same lending institution did relent later and gave it a 60-percent mortgage, but this arrangement of course meant a 40-percent down payment by the members.

In at least two cases the cooperative was certain that its inability to obtain finance funds was due, at least in part, to its interracial policy. Another reported that one bank kept its application for 6 months, during which time the cooperative could get no decision either way.

One Far West cooperative with an interracial policy reported that at least seven lending companies had indicated a willingness to finance the project. One after another, however, they withdrew their offers.

For the apartments, data on finance arrangements and problems were available only for the newer organizations. In none of these had the association's request for financing been rejected.

However, in order to get financing, one association had to make bond of \$250,000 as contractor. Another was unable to get financing until all the apartments were taken.

Experience With Insurers

Compliance with FHA or VA requirements was frequently very time consuming and many associations reported long delays in obtaining mortgage insurance. While often the delays resulted from the sponsor's lack of experience with building and financing procedures, the feeling is prevalent among many associations that the FHA did not go out of its way to expedite cooperative projects prior to the passage of Section 213. In this connection applicants call attention to the piecemeal methods used in dealing with the various underwriting aspects of cooperative projects.

The associations quite commonly experienced difficulty in obtaining approval of their plans for community facilities, usually because these proposed facilities were judged by the underwriting authorities to be unnecessarily elaborate and expensive in relation to the cost of the project as a whole. The problems of the cooperatives were also complicated by the difficulty experienced by underwriting officials in dealing with the special problems created by a group rather than an individual approach to housing development. Special difficulties were encountered by housing cooperatives of mixed racial composition, both in community relations and in obtaining financing and making them acceptable for insurance commitments. For example, after nearly 3 years of negotiations with the FHA and others aimed at resolving a multiplicity of problems, one cooperative venture planned for mixed occupancy finally fell by the wayside.

The study included 10 associations which were planned to accommodate members of different nationalities and races. Six of these groups had applied for insurance before and one after the passage of Section 213 in 1950. Two were able to qualify in 1950, under Section 213. In one case no decision had been announced when this study was made. Of the remaining four groups whose insurance applications had been rejected, two had tentative

financing arrangements, conditioned on their qualifying for insurance, and the other two had been unsuccessful in obtaining mortgage loan commitments. In response to an inquiry regarding policy with respect to interracial associations, the Federal Housing Administration has stated that "if projects which contemplated interracial occupancy have been turned down, it has been on the basis of deficient plans, unacceptable location, or other factors in violation of FHA standards."

Much of the experience analyzed in the survey occurred before the passage of the Housing Act of 1948, which included specific authority for insuring cooperatives, though without the special implementing provisions later enacted in the Housing Act of 1950. Nevertheless, many associations reported similar difficulties during 1948 and 1949. Apparently the adoption of Section 213 in 1950 resulted in a substantial improvement in insuring procedures, as evidenced by the fact that none of the cooperatives applying for insurance under that program reported unusual difficulties.

Problem of Time Lag

Next to financing, the most serious in results were the long delays at various stages before the houses began to rise on the site. Loss of member confidence and patience resulted in widespread defections, especially of those whose housing needs were so urgent that they could not wait for the eventual fulfillment of promises by the cooperative.

Table 34 shows, for 51 all-the-way and co-venture associations, the interval that elapsed between the time the association was formed and the date its first unit was ready for occupancy. In over half, not one dwelling had been completed by the time of the study. In most of these the association had been in existence 1 year or less, but three associations had been operating for 2 years, one for 3 years, and two for 4 years.

Among the associations with at least one dwelling to their credit by July 1950, for which the intervals between formation of the cooperative and completion of the first unit were known, one had built its first house in the same year in which the cooperative was born. Six

others had done so within 1 year after formation, and five within 2 years. Three years elapsed in the case of four associations and 4 years in the case of three others.

The second half of table 34 shows the interval between completion of the first and last units in the project, for the 25 associations that had completed part of their project. One association completed the remainder of its project in the same year as the first unit and five associations within the following year. In three cooperatives the last units were not finished until 2 years after the first one, and in one not until 4 years after. In two associations formed before the war, 6 and 7 years, respectively, elapsed. This long delay was due to the fact that construction was arranged for individually, and new members came into the association at widely spaced intervals, with resultant lengthening of the period over which construction took place. Both cases also included the war period of total cessation of building.

TABLE 34.—Interval between formation of association and completion of first unit, and between first and last units

Item	Number of associations with—						
	First unit completed—						
	Before 1943	1946	1947	1948	1949	1950	No units completed July 1950
Association formed—							
Before 1941	6						
1945			2	1	2		
1946		1			3	1	2
1947				4	2		1
1948					2	1	3
1949							11
1950							9
Total	6	1	2	5	9	2	26
	Last unit completed—						
	1943 or before	1946	1947	1948	1949	1950	Project not completed July 1950
First unit completed—							
Before 1943	2			1	1		2
1946						1	
1947			1		1		
1948					3	2	
1949						2	7
1950							2
Total	2		1	1	5	5	11

Problem of Rising Costs

This problem is closely related to that of time lag. With the exception of the prewar projects and the mutuals, practically all of the

associations were caught in the vise of rising costs. This was serious for all, but was fatal to a few, the members of which could not pay for houses at the figure that finally emerged. Association after association reported that the completed houses were costing \$1,000–\$3,000 more than anticipated when the house plans were drawn.

One co-venture noted that during its 17-month period of house construction, the cost rose from \$7.32 per square foot to \$10.50. Another said that its costs had gone up from \$4.75 (for a house built partly by self-help) to \$10. A third also found its costs rising to \$10 per square foot, raising the expected house of \$8,000–\$10,000 to about \$10,600–\$14,500.

In the first, prewar, project of a Pennsylvania association the members (then unemployed or working only part time) had quarried their own building stone on the tract. By the time the second project got under way, some years later, the time cost of this work (in a period of full employment) was decided to be prohibitive. The members were therefore making use of a byproduct of the region, to make cinder blocks, instead.

The members in most associations were confronted with the task of raising additional money to cover the increased cost. A considerable proportion were unable to do so and had to withdraw from the project. Many associations reported this dropping out of the lower-income families as time went on. One officer expressed the opinion that his organization (which had built a sizable group of houses) had been a failure in that it had not been able to provide housing for the lower middle-income families whose needs had been its main objective in the beginning.

These associations therefore had to find new members to take the place of those who had fallen out. Some associations were unable to do so and had to disband, turning over the project to a private builder to continue, usually with consequent heavy losses of the members' investments.

Membership Problems

Some associations found that people's expression of interest or attendance at meetings

offered little reliable proof of dependable membership material. The meetings of one association had regularly attracted 100 to 200 people, and nearly 100 of these had signed up for houses and paid their membership fee of \$10. However, when the first \$100 assessment was called for, to be applied on the purchase of the land, 20 resigned at one time. Other cooperatives had somewhat similar experiences.

Membership turn-over: In perhaps the majority of cases, the cooperative group had grown more or less steadily from its beginning until the full quota for which the project could provide was filled. Some associations—especially those that could not carry their plan to completion—were never able to recruit a sufficient membership.

Others suffered wide fluctuations in members. In part this was due to the turn-over resulting from such general and unavoidable causes as members being transferred out of the city, death of the wage earner that changed the family's plans, drains on family resources because of illness, etc. In large part, it was caused by members' realization that the sharply rising costs were carrying the price of the house they had planned far beyond their financial resources. In part, also, the turn-over reflected the delays and other hardships encountered by the cooperative. Thus, any long lag between the formation of the association and the beginning of construction was a potent cause of loss of membership. In associations which experienced difficulty in obtaining financing or insurance, some members usually dropped out because they had to have housing immediately and had an opportunity to obtain it elsewhere. In such case, if the membership remained at a stable figure, it was because the funds supplied by the members were "frozen" in the land purchase or installation of utilities and the association was unable to make refunds to members wishing to withdraw. They were therefore still on the books as "members."

Membership turn-over is important for two reasons: (1) It is an indication of the degree of membership confidence in the association, and (2) the necessity for continual recruitment of new members entails a drain on the officers and committees, consuming time

and strength that could otherwise have been spent more constructively.

Table 35 gives some indication of membership turn-over for associations for which figures are available. The widest range is shown by the all-the-way associations building houses. For these the membership as of July 1950 was less than a third of the peak figure. The mutuals showed the least subsidence from the high point, mainly because the size of the membership was limited at the start to the number of dwellings in the project.

For the whole group a membership loss of about 1,700 persons between the high point and July 1950 is shown. This does not by any means tell the whole story, because it does not show the month-to-month figures of small losses and accretions.

TABLE 35.—Membership fluctuations in housing associations

Type of association	Number of members at—		
	Beginning	High point	July 1950
<i>Active</i>			
All-the-way:			
Houses.....	72	610	195
Mutuals.....	3,193	5,459	5,402
Co-ventures.....	636	2,954	2,426
<i>Dissolved</i>			
Project completed.....	127	1,003	1,965
Project not completed:			
Some construction.....	1,123	2,168	11,671
No construction.....	271	1,242	11,069
Total.....	5,422	13,436	11,728

¹ Last known membership figure.

Two small co-ventures had no losses of members. Among the others the yearly rate of turn-over ranged from less than 1 percent to 25 percent; the largest group had a turn-over of 1 to 5 percent. The yearly average for all 22 associations for which figures were obtained was 7.7 percent.

Membership turn-over was not a problem among the apartments. One association with nearly 250 units had had only a 25-percent turn-over for its whole 20 years' operation, or 1.3 percent per year; the cause of withdrawal was usually a death in the family or, recently, the purchase of a detached house. In another, 70 percent of the original tenants were still there after 21 years. One exception was a six-apartment project that had lost six members

in its 7 years' operation. One of these was by foreclosure because of continued nonpayment of the monthly "rent"; the other five families left at various times because of dissatisfaction with majority decisions.

The rate of membership turn-over varied widely in the mutual projects. Six reported only a small turn-over. In a seventh association, only 12 units (of 200) changed hands in the first 9 months of 1950. Only seven of these families left the project; the other five represented exchanges of units between members. Another reported that at least 50 percent of the members withdrew during the year of negotiations preceding the purchase of the project. Still another, with considerable turn-over of tenants prior to the purchase of the project, had had very little change since then. Other associations reported yearly rates ranging from less than 2 percent to 45 percent.

Among the dissolved associations that had gone out of business because of completion of the project, one reported a very small turn-over of members. Another experienced a 10-percent loss of members during the considerable period before construction began, but practically none after that. Another group had about the same experience, but its pre-construction loss was about 70 percent; some members, as a result of the long delay, lost faith in the association's ability to carry through the project and others left because of their urgent and immediate need for housing.

The unsuccessful associations experienced even more difficulty in holding their members, for in their case the time consumed in trying to solve their various problems was even greater than was the case among the associations discussed above. This was especially true in the earlier stages, before funds were used up in land purchase, architect and engineering fees, legal advice, carrying costs, etc., and while shares of withdrawing members could still be redeemed. In the final stages, as already noted, membership was generally at least nominally stable, but only because of lack of redemption funds.

In one association, a block of members left because of disagreement with the majority decision against the association's acting as its

own contractor. In another in which very optimistic ideas of the cost of the planned dwellings had prevailed, 159 members left at one time because the accumulating costs had exceeded the amount they could meet. A third project that had previously surmounted what seemed almost insuperable difficulties, nevertheless had had only a small turn-over of membership until, suddenly, a whole series of unfortunate circumstances developed almost simultaneously. Almost the entire membership still unhoused would have resigned at this point had they been able to recover their money.

Other associations had a membership turn-over of 10, 25, and 30 percent, respectively. Delay in reaching the construction stage was the chief reason in the first two cases. In the third, it was the inability of the cooperative to erect the planned multifamily housing (because of a lawsuit over zoning regulations) and the subsequent decision to construct individual houses costing much more per unit than the withdrawing members could afford.

Membership controversies: Controversies within the membership do not appear to have been much of a problem. Generally, there had been no matter which could not be resolved amicably, although there were many giving rise to serious differences of opinion.

Among the associations building houses the following causes of controversy were reported (usually by one association only): Disagreement over building plans; requirement of architect's approval of all individual house plans; the extremely limited choice of house plans, regarded as necessary for economy; failure of some members (in a self-help cooperative) to put in their fair share of work; and unwillingness to go along with the association's racial policy.

Only one apartment association—a Midwest organization that bought its building in 1948—reported membership difficulties. Its membership was reported to be so rent with dissension as to operating policies that it was doubtful whether the association could survive any major crisis.

Membership differences were rare among the mutuals. Eighteen reported no serious division on any question. In two, however,

there had been dissatisfaction because monthly payments were increased over the amounts formerly paid on a purely rental basis. Although the reason for this was carefully explained to the members, the dissatisfaction was not entirely allayed in one project, because there were still some renters (nonmembers not paying interest and amortization) whose monthly payments were lower than those of the members.

Operating Problems

Maintenance and repairs: Of the associations building houses, only the all-the-way cooperatives have maintenance problems. All of these projects were either uncompleted at the time of the study or were still too new to have faced any difficulties in this respect. In the co-ventures the individual homeowners were responsible for maintenance.

Both the apartment associations and the mutuals, however, reported some rather serious conditions.

The apartments, though owned collectively, are subject to the provisions of various laws, such as those on rent control or the limited-dividend law which sets maximum rentals. For a number of years some of the older apartments' income has been insufficient to meet maintenance costs. One association, formed in 1920, was probably reporting a situation rather general among the old organizations when it stated that, because of "the changing economics affecting local real estate, and unfavorable renting periods in the past whereby some losses in rental and maintenance income resulted and rents were fixed disproportionately low, it is a very real challenge to remain solvent. While the above experience is of little use in determining the value of cooperative operation, it indicates a weakness in a too-inflexible income limitation which results in part from uncontrollable conditions."

Other problems were those of meeting the increasing cost of taxes, fuel, insurance, and interest; collecting the special fees and assessments necessary to maintain the building properly; and replacement of expensive equipment (such as plumbing).

Among the mutuals, repairs and mainte-

nance may prove to be a major problem. Unusually high costs are attributed by some associations to faulty construction, in others to neglect of upkeep during the process of negotiation for sale. In one case the contract of sale took cognizance of this by providing that no payments need be made on principal for the first 3 years; the money was to be used for repairs and replacements.

Some mutuals must make heavy expenditures in the near future. One association, hereafter subject to city regulations, may have to install a trunk sewer line, at a cost of \$25,000. Another—that purchased a temporary housing project—must (a) survey the whole project with a view to better distribution of the buildings on the property, so that individual sale can be carried out, if the members so vote, at the end of 5 years, (b) put the buildings into repair and place them on permanent foundations, and (c) double the water supply. This was taken into consideration when the purchase price was set (an average of about \$1,600 per two-bedroom unit). With the extra outlay the cost per unit will be much more. This association was at a disadvantage in that the board had no authority to enforce good interior maintenance by the members. In a project as large as this (nearly 1,400 units), neglect by even a small proportion of members could be serious. The board recognized this and, at the time the project was visited, was considering the submission to the members of a bylaw provision to give it powers in that direction.

Vacancies and tenancies: One apartment association, formed in 1920, has had a long experience under alternate conditions of prosperity and depression. It reported that during the depressions it had trouble keeping the building filled with owner-members. Difficulty by both members and association in selling the occupancy rights led gradually to a rather diverse situation, so that there are now three classes of residents in the building: (1) member occupants, (2) families subletting from nonresident members, and (3) tenants renting from the association. The association commented: "Members cannot secure occupancy of their apartments because tenants cannot be

evicted. The corporation itself is unable to persuade its tenants to leave because they cannot find rents elsewhere as reasonable as in a cooperative where the rents were frozen at very low rates."

Most of the new apartment associations have not yet been faced with a vacancy situation. In the Amalgamated projects the annual vacancy rate over the whole 23-year period of operation is only 2.94 percent.

The mutuals as a group have had no vacancy situation to meet. Most of them are in places where the housing shortage has been acute, and the majority have had waiting lists. Several, however, had already begun to plan for the possibility of vacancies if and when the housing situation became less difficult. In view of the current restrictions on construction and financing of housing, this does not appear to be an immediate problem.

A tenancy situation has arisen in some cases in which residents refused to become members and would not vacate. This had been handled, with varying degrees of success, in a number of ways. One association was given authority to evict residents who had refused to join when the association took over the project as owner. Another (small) association, which would accept only World War II veterans as members, dispossessed all of the former residents. A third organization had hired a lawyer and was trying to evict the nonmembers.

In one extreme case, nonmembers could not be evicted until after the expiration of rent control. A major problem has been to get quarters in the project for the association's members. At the time the association was visited the membership-tenancy relationship in its 748 units was as shown below:

	<i>Number of units</i>
Tenants still in occupancy	290
Cooperative members in own unit	298
Cooperative members in project but not in own unit	43
Cooperative members not in project	36
Tenants subleasing members' units in project..	45
Members subleasing members' units in project..	2

The excessive tenancies in this association have been a burden in another respect—that of bookkeeping. The monthly charge in this asso-

ciation covers electricity, gas, heat, and trash and garbage removal. The total costs or charges for these have to be allotted as between members and tenants on a percentage basis, according to the proportion of these in residence, making extra bookkeeping and accounting.

Tenancies also give rise to an anomalous situation in which members are making larger monthly payments than the tenants. Although the difference in cost is due mainly to the inclusion of amortization and interest in the member's payment, such a situation nevertheless causes discontent among the members. It also poses a financial problem for the cooperative which must obtain enough income, from whatever sources, to meet its own payments of principal and interest for the entire project.

Special Problems of Mutuals

Mutuals with purchase agreements: Because the mutuals took over ready-made housing developments, they did not have the problems of land acquisition, of working with architects or contractors, or of obtaining construction money. Also, because in so many cases PHA took a mortgage for the amount of the purchase price above the down payment, few reported difficulties in obtaining financing. Further, the question of relations with building-trade unions did not present itself.

The first problem arising for the mutuals was that of convincing the residents of the desirability of buying the projects. Some had bitter opposition from residents wanting the project to continue on a rental basis. Undoubtedly, many residents who finally joined would have preferred to continue as renters, had that been possible. To many, the idea of holding only a lease as evidence of ownership was not appealing. The "selling" of this idea to prospective members is a continuing problem. It has not become acute and may not do so for some years. This difficulty is to be anticipated, however, should the time arrive when prospective homeowners have some range of choice of dwellings.

The chief problem faced by the mutuals was that of negotiation for purchase. In some cases purchase was effected in a short period; in

others the process took several years. Nine associations (of 13 reporting) had been in existence 2 years or less before obtaining a provisional sales contract. The others waited (usually operating the project under a lease agreement, with option to purchase) from 3 to 8 years before they were able to win a provisional contract. The varying length of this period reflected certain special problems that had to be solved and changes in sales policy resulting from the termination of hostilities, congressional recommendations,³ legislation, and decisions of the Administrator of the Housing and Home Finance Agency (which replaced the National Housing Agency). In comparison with the experience of some of the other groups, however, the mutuals had little trouble in their relations with the Government. One association reported "excellent cooperation from Government agencies and a minimum of friction." Two small Negro organizations could not have purchased their projects without the advice and encouragement of PHA and FHA officials.

The prospect of large defaults of payment by the members—such as might occur in depression—is not a matter of immediate concern for the mutuals. However, some have ways (already mentioned) in which they hope to meet such a situation, and others are considering measures to do so.

Obtaining capable management for mutual housing associations is already a problem and as more associations obtain sales contracts this will become greater.

Mutuals without purchase agreements: A few mutuals had been unable to negotiate a purchase agreement, usually because of some special problems or circumstances.

Three of the eight Federal projects originally earmarked for mutual home ownership had not (by July 1950) been sold to the residents, although their associations dated back to 1940, 1943, and 1946. Two (in Philadelphia,

³ The House of Representatives in August 1947 passed a bill requiring all PHA-administered projects to be sold, for cash only, by Dec. 31, 1948. Although this bill was not passed by the Senate, its terms were accepted by the FHA, at the behest of the Senate Banking and Currency Committee, as being the "sense of Congress." This policy was in effect until the passage of the Lanham Act in May 1950.

Pa., and Bellmawr, N. J.) could not buy the projects until they had received waivers of building-code requirements. A third, at Audubon, N. J., was operating the project under a lease while waiting for PHA to work out long-term sewage-disposal arrangements.

Difficulty in reaching agreement on terms of purchase contributed to delay. This problem was finally resolved by the passage in May 1950 of Section 607 (f) of the Lanham Act,⁴ which provides that these projects may be sold with no down payments, 45 years' amortization, and 3 percent interest.

One mutual acted as agent of PHA for 6 years under an agency agreement. Included in this period was the time during which only cash offers were entertained. At the time the project was visited, negotiations had been in process for some time but no price had been set for the project by PHA, and certain other problems had arisen. The same situation occurred in another association in an adjoining State. However, it had reached almost complete agreement with PHA when the "freeze" resulting from the Korean situation occurred. Exemption was claimed by the association and granted, on the ground of its being one of the Westbrook projects intended for mutual ownership from the beginning. A third association had just exercised its option to buy when the freeze occurred.

The group of 8 associations without purchase contracts included two of the three "greentowns" (Greendale, Wis., and Greenbelt, Md.) built as a social experiment in the mid-1930's.⁵ An exception from the Korean "freeze" order was, however, issued in their case, so that purchase negotiations could continue. The Veterans Housing Corporation (a mutual association) in Greenbelt, Md., was designated as preferred purchaser, and negotiations were begun again.⁶

Other Problems

In line with the Rochdale principle of open membership, irrespective of race or creed, a

number of associations either put such a provision in their bylaws or adopted it as an operating policy. Practically all of these reported their conviction that the policy (which, incidentally, none had abandoned) had made their path more thorny. Among the reported results of the policy were loss of members dissenting from the decision of the majority, public antagonism in the site area, and greater difficulty in obtaining financing and insurance.

Problems of all cooperatives still in construction at the time of the study were the following: The greater difficulty of obtaining materials, the decreasing likelihood of being able to get firm bids and fixed-price contracts in view of the rising prices, and finally, the greater difficulty in financing the project because of tightened controls resulting from the military situation. The stricter requirements mean larger down payments for the members—a situation not improved by the fact that the FHA valuations are based upon prices revised periodically, so that the valuation in a given case may be related to the lower prices of as much as 9 months previously. As prices go up, therefore, the member's down payment increases by whatever amount is necessary to cover this valuation lag.

Reasons for Failure

In most cases no single reason could be assigned for the inability of the association to carry out its project. Generally circumstances intervened which the cooperative could not surmount. In a few cases, the main difficulty was that of timing; the project got under way in a period in which a great many conditions over which it had no control militated against it.

Analysis of the causes of failure in the unsuccessful associations for which data were obtained indicates that the obstacles encountered by some dissolved associations were no greater—and in some cases far less—than those faced by cooperatives that carried their project through to completion. Some of the failures perhaps lacked something of the requisite iron and persistence. Others were overwhelmed by such a long-drawn-out series of obstacles that the cumulative effect was too much to overcome, especially if the whole

⁴ Public Act 849 (76th Cong.), approved Oct. 14, 1940.

⁵ A purchase contract had already been arrived at in the case of Greenhills, Ohio, where the mutual association will act as interim owner until the residents buy the individual units.

⁶ A purchase agreement was arrived at in 1952.

experience was topped by a refusal of insurance without which financing was practically impossible.

The following tabulation shows, for the whole group of unsuccessful associations, the number in which each cause of failure occurred. The interdependence of these causes should be noted. Thus, impracticality of plan may have resulted from poor leadership; inability to obtain financing, from the association's racial policy, etc.

	<i>Number of cases¹</i>
1. Attributable to membership:	
Refusal to abide by professional advice	3
Too many (costly) changes in house plans	3
Unwillingness to devote sufficient time to project	1
Dissension over—	
Policies of board	5
Racial policy	4
Architectural design or kind of houses	4
Loss of membership interest	11
2. Attributable to leadership:	
Poor judgment or poor business methods ²	11
Ill-advised decisions, adding to costs	3
Insufficient vigilance over management	4
Idealistic but impractical leadership	5
Mistakes arising from inexperience in housing field	21
3. Attributable to manager:	
Poor management	5
Dishonesty	1
Membership dissatisfaction over quality of house	1
4. Attributable to professional or business advisers:	
Poor advice or service	6
5. Inherent in project plan:	
Plan impractical	4
Project too isolated	4
Plan too ambitious in relation to resources of group	4
Tract-development costs too great	6
Insufficient water supply	2
Members' payments too low to provide working capital	5
Interracial policy	5

¹ Groups not mutually exclusive.

² Includes excessive expenditures for equipment, services, etc.

	<i>Number of cases¹</i>
6. Loss of time, resulting from—	
Search for suitable site	3
Attempts to get zoning changes	5
Examination of types of housing, in relation to costs	4
Making decisions on architecture	3
Mistakes of professional advisers	5
Delays in processing of applications for—	
Financing	6
Insurance:	
FHA	5
VA	1
Making adjustments required by insurer	6
Coping with overt neighborhood hostility	5
7. Outside relationships:	
Financing, inability to obtain—	
Initial financing	5
Construction financing	7
Permanent financing	5
Insurance, inability to obtain	8
Harassment by neighbors	5
Harassment by realty interests	4
8. Other factors beyond association's control:	
Inability to recruit sufficient membership to carry plan to completion	7
Material shortages	4
Rising costs	15
Membership dissatisfaction over—	
Cost of houses	7
Long delays	11
Newspaper strike	1
Lenders' and insurers' prejudice against modern architecture	4

It appears from the tabulation that mistakes of commission on the part of the associations (members, leaders, management, and plan)—items 1, 2, 3, and 5—were almost as numerous (and often as serious as causes of failure) as those causes outside the control of the association—items 4, 7, and 8. The fact that, in 21 cases, mistakes arising from inexperience added to the difficulties points up the emphasis, placed by many cooperators interviewed, upon the necessity for one or more central sources of guidance and technical assistance.

Appendixes

Appendix A.—Housing Associations Covered in Study

All-the-Way Cooperatives Building Houses

- Colorado—Denver Mile High Housing Association, 2401 S. Dahlia Lane.
- Illinois:
- Chicago York Center Community Cooperative, Inc. Office, 3435 Van Buren St.
- Evanston Gibraltar Consumers Cooperative Association, Inc., 1832 Lamar Ave.
- New York—Pleasantville Usonia Homes, Inc., Bear Ridge Rd.
- Pennsylvania:
- Glen Mills Fellowship Cooperative Homesteads, Inc., RFD. No. 1.
- Philadelphia ¹ American Veterans Housing Cooperative, Inc., Room 701, 1011 Chestnut St.

Co-ventures

- California:
- Campbell ² Valley Homes, Inc., 760 Audrey Ave.
- Culver City Mar Vista Homes, 4127 Inglewood Blvd., Zone 34.
- Los Angeles Friends Housing Group, care of 13870 Sayre St., San Fernando.
- Los Angeles Hermits Glen Corp., 2400 Laurel Canyon Blvd.
- Los Angeles Mutual Housing Association, Inc., 1000 N. Hanly Ave., Zone 49.
- Salinas Mutual Home Ownership Association of Monterey County, 6 Bernal Dr.
- Tracy Mountain View Homestead Association, Inc., R. No. 1, Box 814.
- Colorado:
- Boulder ² Faculty Court.
- Denver Glennon Heights, Inc., 5550 Saulsbury Ct.
- Connecticut—Darrien Boulder Ridge, Inc., 108 Leeuwarden Rd.
- District of Columbia—Washington Careybrook Co., Inc., 145 Ivanhoe St. S.W., Zone 20.
- Idaho—Iona Iona Self-Help Cooperative.
- Illinois:
- Bloomington ¹ Marygrove Cooperative Homes Association, Room 600, Livingston Bldg., 102 W. Washington St.
- Champaign Champaign-Urbana Amvet Homestead Association, 203 W. Hill St.
- Chicago AVC Homes, Inc., 25 N. Jackson Blvd.
- Glenview Cooperative Community, Inc., 606 Forest Rd.
- Indiana—South Bend Edison Park, Inc., 919 S. Michigan Ave.
- Maryland—Bethesda Bannockburn Cooperators, Inc., 6304 Bannockburn Dr., Zone 14.
- Massachusetts:
- Belmont Snake Hill Trust, Snake Hill Rd.
- Lexington Six Moon Hill, Inc., 1 Moon Hill Rd.
- Michigan:
- East Lansing ² Home Sites, Inc., Burchan Dr.
- Jackson Cascade Veterans' Cooperative.
- Nebraska—Omaha Golden Valley Cooperative Association. Office, 4406 N. 30th St.; Mail, P.O. Box 515.

¹ Out of business by mid-1952, without reaching construction stage.

² Out of business by mid-1952, project completed.

Co-ventures—Continued

New Jersey—Kearney	Legion-Veterans' Cooperative Housing, Inc., 403 Maple St.
New York:	
Pomona	Skyview Acres Cooperative, Inc.
Tappan	Marycrest Association. Mail, care of C. W. Neill, 60 E. 42nd St., New York 17, N. Y.
North Carolina—Newport	Cherry Point Veterans' Mutual Housing Association, Box 82.
Ohio:	
Campbell	Camvets Housing Association, Inc., P.O. Box 369.
Cincinnati	Rainbow Homes, Inc., care of 6481 Rainbow Lane, Zone 30.
Dayton	² Hyland Home Owners' Association, R. No. 9.
Dayton	Pineview Mutual Homes, Inc., 652 Clement Ct.
Lorain	Lorain Veterans' Housing Association, Inc., R. No. 2, Meister Rd.
Youngstown	² Kirkmere Home Owners, Inc., 2714 Bears Den Rd.
Oklahoma:	
Ardmore	Ardmore Veterans' Housing Corp., American Legion Bldg.
Cushing	² Cushing Housing Corp.
Fairview	² Veterans' Housing Project, Inc.
Perry	² Perry Veterans' Housing Corp., First National Bank Bldg.
Walters	² Legion Housing Corp., 203 Bank Bldg.
Pennsylvania:	
Moylan	Cheyney Cooperative Homesteads.
Penn-Craft	Penn-Craft Housing Project, Mail, R. No. 1, East Millsboro.
Southampton (Bucks Co.)	Bryn Gweled Homesteads.
Puerto Rico—Rio Piedras	Comunidad Cooperativa, University Station, Box 112.
Tennessee—Knoxville	Veterans' Cooperative Housing, Inc.
Utah—Salt Lake City	Homeless Veterans, Inc., care of 2653 Barbey Dr., Mail, Box 1551.
Washington:	
Seattle	Hilltop Community, Inc., care of 904 Seventh Ave. Zone 4.
Seattle	² Veterans' Mutual Building Association, care of Mario Storlazzi, University of Washington.
Wisconsin:	
Madison	Wisconsin Cooperative Housing Association, Crestwood.
Milwaukee	Milwaukee Cooperative Homes, Inc., 4232 W. Bonny Pl., Zone 16.
Milwaukee	North Side Homes, Inc., 702 W. Walnut St.
	<i>Apartment Associations</i>
California:	
Los Angeles	Avenel Associates, Inc., 2837 Avenel St.
San Francisco	2250 Hyde Corporation, 2250 Hyde St.
Illinois:	
Chicago	Cooperative Residences, Inc., 343 S. Dearborn St., Zone 4.
Chicago	Douglas Park Cooperative Apartments, 1641 S. California Ave., Zone 8.
Chicago	Lex-Lawn Cooperative, 3646 W. Lexington, Zone 24.
Minnesota—Duluth	Highland Acres Cooperative Housing Association, 310 Bradley Bldg., Zone 2.

¹ Out of business by mid-1952, without reaching construction stage.² Out of business by mid-1952, project completed.

Apartment Associations—Continued

Missouri:

- Florissant Veterans' Cooperative, R. No. 2, Box 132.
 University City Veterans Housing Association, 7270 Balson Ave.

New York:

- Bayside United Veterans' Mutual Housing Corp., 220-48 67th Ave.
 Bronx Amalgamated Housing Corp., 98 Van Cortlandt Park South, Zone 63.
 Bronx Farband Housing Corp., 2925 Matthews Ave., Zone 67.
 Bronx Varma Cooperative Homes, Inc., 825 Walton Ave., Zone 51.
 Brooklyn Advance Homes Association, Inc., 848-856 43d St.
 Brooklyn Baltic Homes, Inc., 4113 Seventh Ave.
 Brooklyn Bayview Home Association, Inc., 671 47th St., Zone 20.
 Brooklyn Broadview Association, 4323 9th Ave., Zone 32.
 Brooklyn Corner View Association, Inc., 4401-4407 4th Ave.
 Brooklyn Finnish Home Building Association, Alku, Inc., 816-826 43d St.
 Brooklyn Florence Homes Association, Inc., 546 40th St., Zone 32.
 Brooklyn 466 49th Street Club, Inc., 466 49th St.
 Brooklyn Hilltop Association, Inc., 4404 6th Ave., Zone 20.
 Brooklyn Linden Heights Association, Inc., 702-712 45th St., Zone 20.
 Brooklyn Parkside Association, Inc., 549-561 41st St., Zone 32.
 Brooklyn Park Slope Association, Inc., 570 44th St., Zone 20.
 Brooklyn Pleasant View Association, 574 44th St.
 Brooklyn Riverview Homes Association, Inc., 673-683 41st St.
 Brooklyn Sun Garden Homes Association, Inc., 637-661 41st St.
 Brooklyn Sunset Court Association, Inc., 4002-4012 7th Ave., Zone 32.
 Brooklyn Sunset Home Association, Inc., 4015 7th Ave., Zone 32.
 Brooklyn Sunset View Association, Inc., 605-611 41st St., Zone 32.
 Brooklyn Victory Home Association, Inc., 672 46th St.
 New York Amalgamated Dwellings, Inc., 504 Grand St., Zone 2.
 New York Beekman Hill Cooperative Association, 343 E. 50th St., Zone 22.
 New York Consumers Cooperative Housing Association, Inc., 87 Bedford St.
 New York Dorie Miller Housing Co., Inc., 270 Broadway.
 New York First Housing Co., 270 Broadway.
 New York Harry Silver Housing Co., 270 Broadway.
 New York Hillman Housing Corp., 530 Grand St., Zone 2.
 New York 109 West 141st Street Corp., 103-109 W. 141st St.
 New York 152-154 West 131st Street Holding Co., Inc., 152-154 W. 131st St.
 New York 137-139 West 142d Street Cooperative Corp., 137 W. 142d St.
 New York Stockbridge Apartments, Inc., 603-605 W. 138th St., Zone 31.
 Virginia—Arlington Virginia Veterans' Cooperative Association. Office, 454 Washington Bldg., Washington, D. C.

Mutuals With Purchase Contracts

California:

- Alameda Alameda Mutual Homes Corp., 1711 2nd St.
 Compton Mutual Housing Association of Compton, 491 S. Colin Ave., Zone 3.

Mutuals With Purchase Contracts—Continued

Colorado—Fort Logan	Sunset Ridge Veterans, Inc., Box 21.
District of Columbia—Washington	Veterans Cooperative Housing Association, 30th and Naylor Rd. SE., Zone 20.
Indiana—South Bend	Walnut Grove Mutual Housing Corp., 2717 Woodmere Lane, Zone 14.
Kansas:	
Kansas City	Veterans Quindaro Homes, Inc., 660 Manorcrest, Zone 2.
Wichita	Hilltop Manor Mutual Housing Corp., Inc., 1411 S. Oliver St., Zone 17.
Maryland—Indian Head	Potomac Heights Mutual Home Owners Association, Inc., Potomac Heights.
Michigan—Center Line	Kramer Homes Co-operative, Inc., 8830 E. Ten Mile Road.
Minnesota—Hermantown	Duluth Homestead Association. Mail, 310 Bradley Bldg., Duluth 2.
New Jersey—Linden	Winfield Mutual Housing Corp., Roosevelt Plaza, Winfield Park.
North Carolina—Wilmington	Veterans' Homes, Inc., Lake Forest.
Ohio:	
Dayton	Greenmont Mutual Housing Corp., 20 Rembrandt Blvd., Zone 10.
Greenhills	Greenhills Home Owners Corp. Mail, P.O. Box 4, Cincinnati 18.
Pennsylvania:	
Hatboro	Fulmore Heights Home Ownership Association, 201 Fitch Rd.
New Kensington	Aluminum City Terrace Housing Association, Aluminum City Ter.
Puerto Rico—San Juan	Asociacion Cooperativa del Falansterio, Puerta de Tierra.
Texas:	
Dallas	Dallas Park Mutual Ownership Corp., Dallas Park.
Grand Prairie	Avion Village Mutual Ownership Corp., Avion Village.
Utah:	
Ogden	Grandview Acres Mutual Ownership Corp., 3796 Quincy Ave.
South Ogden	Washington Terrace Non-Profit Housing Corp., Washington Ter.
Virginia:	
Arlington	George Washington Carver Mutual Homes Association, 13th and S. Queen St.
Arlington	Paul Lawrence Dunbar Mutual Homes Association, 3500 S. Kemper Dr.
Falls Church	Hillwood Square Mutual Home Owners Association, Cherry St.
West Virginia—South Charleston	Kenna Homes Veterans' Cooperative Corporation, Kenna Dr.

Mutuals Without Purchase Contracts

Indiana—South Bend	Beacon Heights Mutual Housing Association, 3603 Curtis Dr., Zone 19.
Kentucky—Louisville	Fincastle Heights Mutual Ownership Corp., 3512 Fincastle Rd., Zone 13.
Maryland—Greenbelt	Greenbelt Veterans' Housing Corp., 56 B Crescent Rd.

Mutuals Without Purchase Contracts—Continued

New Jersey:

- Audubon Park Audubon Mutual Housing Corp., Road C.
 Gloucester Bellmawr Park Mutual Housing Corp., 31 Woodland
 Road, Bellmawr Park.

Pennsylvania:

- Philadelphia Pennypack Woods Home Ownership Association, 8724
 Crispin Dr., Zone 36.
 York Yorktown Homes, Inc., care of 1051 Community Pl.,
 Wisconsin—Greendale Greendale Veterans' Cooperative Homes Association,
 Box 308.

Dissolved Associations—Project Completed

- Indiana—Mishawaka Veterans' Homes of Mishawaka, Inc., 2729 N. Main St.
 Iowa—Granger Granger Homesteads.
 Minnesota:
 Minneapolis Cooperative Housing Association of Minneapolis.
 St. Paul Cooperative Housing Association.
 New York—Larchmont Larchmont Veterans Building Corp., 24 Elkan Rd.,
 Elkan Park.
 North Carolina—Chapel Hill Service Employees Corp., University of North Carolina.
 Ohio—Dayton Dayton Mutual Homes, Inc., 104 Malcolm Dr., Zone 10.
 Virginia—Front Royal Old Dominion Housing Corporation.

Dissolved Associations—Project Not Completed

California:

- Berkeley Planned Community Cooperative.
 Los Angeles Community Homes, Inc.
 Palo Alto Peninsula Housing Association, Inc.
 San Francisco Community Cooperative Development Corp.
 San Francisco Veterans Housing Cooperative, Inc.
 Connecticut—New Haven .. Cooperative Homes of West Haven.
 District of Columbia—Wash-
 ington Veterans' Mutual Housing Cooperative, Inc.
 Illinois:
 Chicago Evergreen Cooperative, Inc.
 Chicago Home & Community Planning Association, Inc.
 Maryland—Suitland Hollywood Park Cooperative.
 Michigan—Detroit Schoolcraft Gardens Cooperative, Inc.
 New Jersey:
 Leonia Leonia Veterans' Association, Inc.
 New Brunswick Veterans' Building Cooperative, Inc.
 New York—Camillus Home Owners Cooperative, Inc.
 North Dakota—Bismarck ... Bismarck Veterans' Homeowners Cooperative Associa-
 tion, Inc.
 Ohio:
 Columbus Amvets Homestead Association, Inc.
 Dayton Air Village.
 Oregon—Eugene Dillard Village Cooperative.
 Pennsylvania:
 Philadelphia Cooperative Homes, Inc.
 Pittsburgh Parkway Cooperative Association.
 Wisconsin:
 Kenosha Cooperative Homes of Kenosha.
 Racine Racine Cooperative Homes, Inc.

Appendix B.—Documents and Forms Used by Housing Cooperatives

All-the-way Cooperatives

Bylaws of All-the-way Cooperative

ARTICLE I.—*Name and Location*

The name of this organization is the _____ Housing Association. Its principal place of business shall be _____, although it may operate in the suburban area of _____, and hold meetings at the site of any property owned, whether inside or outside of _____.

ARTICLE II.—*Declaration of Intent*

Many factors have operated to deter home ownership. These include high land and construction costs, high financing and maintenance costs, absence of planning on a community scale, and dependence upon subdivision promoters for initiative in instituting home building. This nonprofit corporation has been organized for the purpose of purchasing a tract or tracts of land, obtaining skilled planning and architectural and construction services, and building homes and community facilities for members of the association and others who wish to join with them, with resulting benefits to all.

ARTICLE III.—*Membership*

SECTION 1.—*Qualifications.* The association shall consist of the present membership and all other persons who hereafter may be admitted to membership in accordance with these bylaws. Qualifications which will be considered include an intent to live in the house covered by the lease agreement, good moral character, a neighborly disposition, willingness to subscribe to the provisions and principles set forth in the charter and bylaws, desire to enter in the community life and contribute to its development as well as to enjoy its benefits, and financial responsibility. A list of present members is hereto attached and made a part of these bylaws.

SEC. 2.—*Joint membership.* Subject to approval by the nominating committee and the membership, joint membership shall be granted applicants for membership, or a single membership may be converted to a joint membership, upon the written request of the member and the agreement of his or her spouse to comply with the bylaws and rules of the association. The effect of a joint membership shall be that:

(a) The presence at a meeting of either or both of the joint members shall be accepted as the presence of one member.

(b) Both jointly shall have one vote which may be cast by either. If they disagree each may cast a half vote.

(c) Notice to either shall constitute notice to both, and the remaining member shall have all the rights and privileges and be subject to all the obligations of the membership.

(d) Withdrawal or expulsion of either shall terminate joint membership. In case of divorce of joint members the one to whom the lease is awarded shall be considered the "remaining member."

(e) Either may serve on the board of directors but not both at the same time.

(f) Obligations of the joint membership to the association shall be joint and several, enforceable against both or either.

(g) When one of two joint members dies the entire membership vests in the survivor, but the estate of the deceased remains liable on all obligations to the association. When a single member or both joint members die the membership shall be treated the same as upon the death of a single member, subject to Section 9 of this article.

SEC. 3.—*Admission of members.* Prospective members must be nominated by a member and sign a written application form provided by the nominating committee. This nomination is to be placed before the nominating committee. It shall be the duty of the committee to interview the nominee, investigate his character and financial reliability, and conscientiously determine his desirability as a fellow member. A majority vote of the committee in favor of applicant's admission shall be a tentative admission. A copy of his application shall then be forthwith delivered to each member. If no member files written and signed objections with the committee within 15 days, the admission becomes final. If such objection is made, the application shall be held pending, while the objector communicates the reasons for his objections to the committee. After the committee has heard these objections, it will vote again, either passing or rejecting the new application. If either applicant, his sponsor, or the person objecting to his application is dissatisfied with the committee's decision he may within 10 days appeal the whole matter to the board, whose judgment will be final. The association shall issue to each member or to each joint membership a membership certificate in form approved by the board of directors.

SEC. 4.—*Voting rights.* Each member or joint membership shall be entitled to one vote on all questions. Voting by proxy shall not be allowed. Written or absentee ballots may be provided if requested 7 days before the date of the meeting at which the vote is to be taken. At the request of 10 members, or by the vote of the board of directors, voting shall be by secret ballot. The request for secret ballot should be in writing if before the meeting or viva voce if during the meeting.

SEC. 5.—*Duties of members.* Every member must agree to obey the rules of the association as set forth in these bylaws, or elsewhere, and the decisions of the general membership meeting or of the board of directors. He must also do his utmost to promote the aims and purposes of the association, the success of its operations, and the welfare of its members. Members shall agree to pay all charges and assessments voted by the board or by the members. As soon as the dwelling selected by the member is ready for occupancy, the member shall sign a lease agreement, prepared by the board and approved by the Federal Housing Commissioner.

SEC. 6.—*Withdrawal of members.* In handling withdrawals, it is the purpose of the association not to permit withdrawing members to profit, beyond the benefits they gained during membership, by receiving more than their equity as defined in Article V, upon surrender of membership. At the same time it is the purpose of the association to protect the member against loss of his equity in the association upon withdrawal in so far as this can be done without occasioning loss or financial embarrassment to the association, and it is contrary to the purpose of these bylaws for the association to make any profit at the direct expense of the equity of the withdrawing member. These provisions of these bylaws shall be interpreted so as to give maximum effectiveness to this policy. The procedure to effectuate this policy appears in the following paragraphs:

(a) Any member wishing to terminate his membership shall make written application to the board of directors and tender therewith to the secretary of the association his membership certificate and lease agreement. Thereupon, and in any event within 30 days, the board of directors shall determine whether, in their opinion the member's equity, plus that portion of the outstanding mortgage indebtedness attributable to the dwelling occupied under such lease agreement, exceeds the fair appraised market value of the property covered by the lease. If it does, then the board shall, within said 30 days, notify the withdrawing member to that effect and proceed under paragraph (c) of this section. If the board shall not so determine and notify the withdrawing member within 30 days, then the procedure shall be as provided in paragraph (b) of this section.

(b) The board of directors shall purchase the equity of the withdrawing member at a price determined in accordance with Article V, section 2, and within 90 days from receipt of the application to withdraw; provided that the board shall not be obligated to make any purchase of an equity when in the judgment of the majority of the membership of the association expressed by vote at a regular or special membership meeting, such a reduction of the association's capital would endanger the financial condition of the association. If the association shall fail to complete said purchase within the said 90 days, the withdrawing member shall then have the option of presenting to the association persons acceptable for membership and ready, able, and willing to assume the financial obligations of membership; and upon the acceptance of such persons for membership, the association shall pay the withdrawing member the amounts as paid by the incoming member for said equity, up to the value of the withdrawing member's equity. This option shall extend until such time as the association is prepared to complete the purchase, but not longer than 90 days from the expiration of the afore-said first 90-day period; if no purchase has been consummated by the end of said second 90-day period, the association shall proceed to determine the fair appraisal value of the equity in accordance with the procedure set forth in paragraph (c) hereof and thereafter proceed in accordance with said paragraph (c).

(c) When the board of directors shall determine to purchase an equity at an appraised value, it shall so notify the withdrawing member within 30 days of receipt of application to withdraw or within 30 days after expiration of the second 90-day period provided in paragraph (b) of this section, as the case may be, and with such notification shall furnish to the withdrawing member the name of an appraiser selected by the association. The withdrawing member shall within 10 days thereafter also name an appraiser, and the two appraisers shall appraise the market value of the property and of the equity and if they agree they shall file their findings with the secretary of the association. If they fail to agree, they shall within 10 days after their appointment name a third appraiser, and the judgment of the majority of the three shall be binding. If within said 10-day period they shall fail to agree upon a third appraiser, then upon the petition of the board and the withdrawing member or either of them, the judge of the County Court may name a third appraiser, and the judgment of the majority shall be binding. (The cost of this proceeding and of any third appraiser shall be divided equally between the association and the member.) Upon the filing of the findings with the secretary of the association, the board shall notify the member and offer to buy the equity at its appraised value, subject to the right of the members of the association as in paragraph (b) provided, to determine that such a reduction in the association's capital would endanger the financial condition of the association. If the member is not willing to accept the offer, he shall be allowed 60 days from the date of the offer within which to present to the association a person or persons acceptable for membership and ready, able and willing to become

members and assume the financial obligations of membership. Upon the acceptance of said person or persons for membership, the association shall pay the withdrawing member the amounts as paid by the incoming member for said equity, up to the value of such withdrawing member's equity as determined in Article V. If the membership shall have disapproved purchase of the member's equity at the appraised market value, the foregoing option of the withdrawing member to present eligible persons shall be extended until such time as the association is prepared to complete the purchase at the appraised value.

(d) In the event that purchase of a withdrawing member's equity depends on resale to another, whatever sum is received by the association in payment for the equity of the withdrawing member shall be paid over by the association to the withdrawing member promptly as it is received, up to the value of his equity as defined in Article V. The association may, if its financial condition permits, pay the full sum to the withdrawing member in advance of receipt by the association of such funds from the incoming member.

(e) In the event that a withdrawing member shall have received less than the value of his equity as determined in Article V, and the association shall within the 2-year period thereafter resell the membership at terms more favorable to the association than the price paid by the withdrawing member, the association shall pay such difference (minus expenses) to the member who had thus withdrawn up to the amount which would, when added to the amount actually received upon his withdrawal, equal such value.

(f) If purchase be made of any withdrawing member's equity, the payment shall IN NO EVENT, and notwithstanding the operation of the above paragraphs, be less than the member's prepayments as determined in accordance with Article V, Section 4.

SEC. 7.—*Expulsion of members.* (a) For violation of these by-laws or other rules of the association, for nonpayment of dues or assessments, or failure to meet any obligations or for conduct detrimental to the association, the board of directors may expel any member.

(b) Charges seeking expulsion of a member may be brought only by another member, and such charges brought shall be in writing and if, in the judgment of the board of directors, they constitute a ground for expulsion, a copy thereof shall be served upon the member charged together with a notice (by registered mail, postage prepaid, or by personal service) of the time and place at which the charges will be considered. The accused member must, within 15 days after service of such charges, answer them in writing either admitting them, denying them, or setting up any defensive matter. Failure to do so shall constitute admission of the truth of the charges.

(c) The accused member shall be entitled to appear before the board at the time and place fixed and shall be entitled to cross-examine witnesses and present witnesses and evidence in his own behalf. Formal and technical rules of evidence shall not apply.

(d) From a judgment concerning expulsion by the board the accused member or accuser shall be entitled to appeal to the membership, by giving written notice to the board of directors within 10 days after the decision. The appeal shall be heard at the next regular meeting of the members or, in the discretion of the board of directors, at a meeting specially called. A two-thirds vote of the full membership is required for expulsion of a member.

(e) If the accused member makes no appeal or if the membership sustains the board, expulsion shall become forthwith effective.

(f) Upon expulsion, the member's lease agreement shall be terminated and his equity must be purchased, the price to be determined as in section 6 of this article.

SEC. 8.—*Nontransferability.* Membership shall not be transferable, except as herein expressly provided.

SEC. 9.—*Death of members.* The association shall have an option, extending for 6 months, to purchase the equity from an estate in the case of the death of a single member or the surviving member of a joint membership or upon simultaneous death of the joint members. Such heirs at law, or beneficiaries under the will, if any, of a deceased member as shall be residents on the association's project shall be granted priority over nonresidents for leases in the project, if they apply for membership in their own name or names (or by guardian, if minors) and if the application be approved. The association shall purchase the equity from the estate of decedent or decedents in the manner provided in section 6 of this article for purchase of equity of withdrawing member, written notice of the death being equivalent to application to withdraw.

SEC. 10.—*Members delinquent in payments to the association.* The board may call before itself any member who is 30 days or more in arrears in his payments to the association, and after investigation into the circumstances of the particular case, and in light of the general financial condition of the association, decide how best to protect the member and the association. The board shall not be bound to extend any credit to any member, but in no case shall the board extend credit to any member in excess of his equity in the association.

SEC. 11.—*Members to receive bylaws.* Each member shall receive a copy of these bylaws, and each revision thereof, and shall acknowledge receipt in writing and sign an agreement to be bound by these bylaws.

ARTICLE IV.—*Fiscal Year*

The business period of this association shall begin on September 1 of each year and end on August 31.

ARTICLE V.—*Equities, Membership Certificates, and Reserves ("Balance Sheet Accounts")*

SEC. 1.—*Equity payments to the association required of members.* (a) Each member shall be required to pay to the association funds necessary to provide for an equity on his membership before the construction of the dwelling to be leased to him begins. The amount of initial equity required shall be as follows: 11½ percent of the total of all estimated costs attributable to the dwelling to be leased by the member, plus 25 percent of the estimated cost of any car port and/or garage to be constructed on said property. Thereafter, each member shall be required to pay to the association monthly funds necessary to amortize in not more than 30 years that portion of the association's mortgage indebtedness allocated to said property, as determined in paragraph (b) of this section, and these payments to the association shall be used by the association to pay the principal of any mortgage or mortgages on all the property, both real and personal, such monthly payments to be according to the schedule to be attached to the lease agreement. Any failure to meet required monthly payments shall constitute a breach of the lease agreement. Individuals who become members after construction of the house shall be required to make payments as agreed between the new member and the board of directors upon approval of the auditing committee.

(b) Aggregate costs shall be allocated to properties covered by individual lease agreements on the following basis: Actual total cost of construction of dwelling and appurtenances such as garages, car ports, walks, driveways, and landscaping (including all financing and carrying charges), to be allocated according to data furnished by the contractors; share of total raw land cost prorated according to area of lot; share of all other improvements and developmental costs (utilities, roads, community landscaping, community facilities, organizational expense) prorated equally among the members. The share of the mortgage allocated shall be according to the difference between such aggregate costs for each unit, and the amount of initial equity provided by the member leasing such unit.

SEC. 2.—*Member's equity.* (a) The value of a member's equity in the association shall be the payments required by section 1 of this article plus any voluntary prepayments to the association plus the appraised value of any alterations made by the member, minus depreciation of the structure leased to him. The appraised value of a member's equity shall include such fixtures as may have been attached by the member at his own expense.

(b) No alteration or structural changes or additions shall be made by any member to the property leased without the prior consent of the board of directors. In the event of neglect to properly maintain the leased property, the association may, after due notice, enter upon the premises, perform such work as is necessary to put the premises in proper condition, and shall charge the same to the member, payable upon demand, or charge the same against his equity. In the event that the membership and the association cannot agree on the appraised value of alteration, each shall appoint an arbitrator and these shall select a third, and a majority decision shall be binding on both parties. If the two cannot agree on a third, the judge of the County Court may appoint, on request of either, a third arbitrator.

SEC. 3.—*Reserves.* (a) General reserve fund: Any balance arising from the transfer of a membership lease shall be placed in general reserve fund. This fund shall be available for any corporate purpose so designated by the board of directors; however, in no event shall said fund be used to distribute as dividends to members except upon dissolution. The fund shall not be divided among members who have withdrawn or been expelled under the provisions of these bylaws.

(b) Patronage surplus: Any excess of monthly service charge payments during any fiscal year over the actual operation expenses of the association for that year shall, at the vote of the majority of the whole membership, be credited to the patronage surplus account or refunded to the members in cash, in proportion to their monthly service charge payments. The patronage surplus account may be used to absorb operating deficits of unsuccessful years, or for any other corporate purpose as may be decided by the majority of the whole membership.

(c) Rental surplus: Any excess of rental payments over expenses chargeable to the rental account during any year shall, at the vote of the majority of the whole membership, be credited to the rental surplus account or refunded to the members in cash in proportion to their monthly rental payment. The rental surplus account may be used to absorb operating deficits or for any other corporate purpose at the vote of a majority of the whole membership.

(d) Reserve for depreciation: Depreciation shall be charged to the member's equity and credited to the reserve for depreciation. The initial rate of depreciation shall be 1½ percent per year of the initial cost of the structure. The rate of depreciation may be changed by two-thirds vote of the entire membership of the association.

(e) Replacement reserves: The association shall maintain such replacement reserves as shall be required by the FHA.

(f) Maintenance reserve: Any excess of maintenance reserve payments over expenses of maintaining the member's structure shall be credited to the maintenance reserve account of the member. This reserve can be used only for the benefit of that member. Upon withdrawal of the member the balance in his reserve account will be refunded to the member.

SEC. 4.—*Voluntary prepayments to the association.* Members are permitted and encouraged to make prepayments of the equity required in section 1 above.

(a) Before occupancy: Voluntary prepayments beyond those required of all members in advance of construction shall draw interest at the rate of 4 percent per annum, such interest to be credited to the member's equity on the books of the association within 30 days of the first occupancy, and interest thereupon shall then cease.

(b) After occupancy: The amount a member agrees to pay to the association to amortize that portion of the mortgage applicable to his residence shall be paid in monthly installments so arranged as to retire such full amount in not to exceed 30 years. However, any member may elect amortization in a shorter period of time. All equity payments made by members in advance of those which would be required for a standard 30-year amortization shall be considered as prepayments, and in the event of settlement with the member making such prepayments, shall have priority in favor of such member over the regularly required payments of all members.

ARTICLE VI.—*Receipts and Disbursements (Income and Expense Accounts)*

SECTION 1.—*Rental income and expense.* In addition to the amortization payment specified in Section 1, Article V, each member shall pay to the association a monthly rental, which shall be sufficient to cover the interest on the unpaid balance of the mortgage chargeable to the house leased by the member, FHA insurance, hazard and casualty insurance, replacement and general reserves, and taxes. This shall be based on the pro-rata portion of the blanket mortgage attributable to the house and the assessed value of the property.

It shall be the obligation of the association to pay all expenses enumerated above.

SEC. 2.—*Monthly service charge and expenses.* The association shall collect from each member a monthly service charge. This charge shall cover the operating and maintenance expenses of the association (not including maintenance of member's structures provided for in Section 4, this article), maintenance of community projects, and cost of utilities and other services. The amount of the monthly service charge shall be set by the board of directors. The monthly service charge shall be fixed by September 1 of each year and shall remain at a constant monthly rate for the entire fiscal year. Each annual change in rate shall apply pro rata.

SEC. 3.—*Special assessments.* Special assessments may be levied for any corporate purpose but only upon a two-thirds vote of the whole membership. Funds raised by special assessments must be used exclusively in the manner and for the purpose specified in the resolution authorizing the assessment, provided that any excess of special assessments over actual expenses shall be credited to the patronage surplus account.

SEC. 4.—*Maintenance and repair fund.* Upon occupancy each member shall pay to the association, for a maintenance and repair fund to be used only for said member's structures (except as provided in section 3 (f), Article V) the sum of \$5 per month until fund amounts to \$250 and the same amount each month thereafter whenever said fund shall, by reason of expenditures therefrom, be less than \$250.

ARTICLE VII.—*Leasing and Subleasing of Dwellings*

In the event of vacancy during change in membership, the board may, upon approval of the auditing committee, lease to nonmembers dwellings not covered by lease agreements with members, for such short periods of time and on such terms as deemed necessary by the board.

A member may sublet his dwelling to individuals acceptable to the board of directors at a rate and on terms approved by the board of directors. Members subletting shall continue to be responsible to the association for monthly payments and all other charges and assessments.

ARTICLE VIII.—*Meeting of Members*

SECTION 1.—*Regular meetings.* Regular meetings of the membership shall be held quarterly, on the third Friday of February, May, August, and November. The annual meeting shall be the May meeting, for purposes of electing members of the board of directors and auditing committee.

Notice of all regular meetings (except the annual meeting) shall be given in the same manner and for the same period as hereinafter provided for special meetings but any business of the association may be transacted at such meetings without being specified in the notice. The notice of the annual meeting shall state that directors and members of the audit committee are to be elected at such meeting and shall be mailed at least 30 days before the meeting and published at least 10 and not more than 30 days before the meeting, all as provided in Section 27, Chapter 41, Colorado Statutes Annotated, 1935.

If for any reason the annual meeting shall not be properly noticed or held on the day hereinabove provided, then directors and members of the membership and audit committees shall be elected at the next regular or special meeting and the notice thereof shall so advise the members.

SEC. 2.—*Special meetings.* A special meeting of the members may be called by the president whenever he shall deem it necessary or as directed by resolution of the board of directors or upon a petition signed by 5 members. Such meeting shall be called by a written notice mailed or delivered to the members at least 12 days before the meeting. Such notice shall specify the time and place and object of such meeting, and no business other than that which is specified shall be transacted thereat.

SEC. 3.—*Quorum.* Fifty percent of the members, present in person, shall constitute a quorum for transaction of business.

SEC. 4.—*Rules of order.* At all meetings of the members and of the board of directors, the order of business and parliamentary practices shall be governed by Roberts' Rules of Order, Revised.

SEC. 5.—*Powers of membership.* Membership meetings have and may exercise all lawful powers of this association except as expressly limited by the articles of incorporation or these bylaws.

ARTICLE IX.—*Management*

SECTION 1.—*Directors.* The Board of Directors of this corporation shall consist of 7 members of the association elected by the members at the annual meeting. At the first meeting 3 directors shall be elected for 1 year and 4 directors shall be elected for 2 years. Thereafter at each annual meeting directors, to fill the positions of those whose terms then expire, shall be elected for a 2-year term. Also at each annual meeting 2 members shall be elected as alternates for terms not to exceed 1 year. No director shall be eligible to serve more than two successive terms of whatever length.

(a) Vacancies in the Board of Directors shall be filled for the remainder of the vacant term by majority vote of the remaining members of the board from the alternates. If more than two vacancies occur in any year those in excess of two may be filled, by majority vote of the then members of the board, from the general membership of the association.

(b) Immediately following each election of directors the board shall convene and elect from its membership, each for a 1-year term, a president and a vice president. The board shall also appoint a secretary and a treasurer and an assistant secretary and assistant treasurer, each for a 1-year term.

(c) All directors and all officers shall serve as such until their respective successors are elected and qualified, unless, in case of officers or assistants, the office be sooner declared vacant by the board. Directors and officers and assistants may resign by written notice to the board or in manner provided by statute.

(d) Assistants shall assist and be under the control of their principals but during absence or inability of the principal the assistant may exercise all powers of the principal except as may be limited by resolution of the board of directors.

(e) The board of directors shall have power, subject to these bylaws, to transact the business of the association, to employ labor and other services, to buy materials, to enter into contracts, to buy, sell, lease, and encumber land and other property and otherwise and generally to direct and conduct the affairs of the association in such manner as they deem for its best interests.

(f) The board shall hold a general meeting once each month on a date to be fixed by the board at its meeting when officers are elected. If no date be fixed the meetings shall be held on the same date as last fixed by the board.

Special meetings may be called by the president and shall be called by him on written request of three directors.

Written notice of all meetings shall be mailed by the secretary to each director at least 5 days before the date set for the meeting. Notice of special meetings shall specify the purpose and object of the meeting and only the business specified shall be transacted at such meeting except by unanimous consent of all directors. No notice shall be required for the meeting immediately following the election of directors.

When a director shall sign a waiver of notice or shall sign the minutes of the meeting, such meeting, so far as concerns such director, shall be deemed to have been duly and legally called, noticed, held and conducted, and, whenever such director signs the minutes of such meeting, the acts of such meeting shall be deemed and held to be approved by such director except as otherwise noted in the minutes or above his signature.

(g) A majority of the directors shall constitute a quorum but a less number may adjourn from time to time not exceeding 14 days at any one adjournment.

(h) The board of directors shall establish such committees, other than elected committees, as the board deems necessary or desirable in carrying out the purposes of the association. Duties of the committees shall be assigned by the board. Members of such committees shall be appointed or removed by the president of the board. One member of each committee shall be designated by the president of the board as the chairman.

SEC. 2.—*Annual report and budget.* The board shall make a comprehensive report at the annual meeting of the association and shall submit to the membership in writing at least 12 days before the August meeting a budget or an approximate estimate of the income and proposed expenses for the coming year.

SEC. 3.—*Duties of the president.* The president shall be the chief executive officer of the association; he shall preside at all meetings of members and directors and shall have general supervision and direction of the association affairs, except as herein, or by the board or members, otherwise provided; he shall sign all certificates, contracts, documents, and evidence of indebtedness and papers securing the same, for and in the name of the association and perform such other duties as the board may authorize and direct and those which are incidental to such office.

SEC. 4.—*Duties of the vice president.* The vice president shall discharge the duties of the office of president during the president's absence or inability to act, and shall perform such other duties as the directors may authorize or direct, and also those usually incident to such office, and shall also act in place of the president, when expressly authorized by the board of directors, in case of the refusal of the president to act in accordance with the directions of the board.

SEC. 5.—*Duties of the secretary.* The secretary shall record the attendance and proceedings of all meetings of members and directors in a book kept for that purpose. He shall be custodian of the seal of the association and affix the same only to, and countersign, such certificates and other instruments as the board of directors shall authorize; he shall keep a record of members with their addresses; he shall carry on the correspondence of the association and perform such other duties as the board of directors shall authorize and direct and such as are usually incident to such office.

SEC. 6.—*Duties of the treasurer.* The treasurer shall attend all meetings of the members and directors; he shall receive all moneys, bonds, notes or other securities belonging to the association and his receipt or endorsement shall be a full acquittance and discharge therefor; he shall keep all funds in a depository or depositories designated by the directors. He shall keep complete books of account showing the financial transactions of the association and examine and audit all bills and accounts due or against the association, subject to the auditing committee. He shall report to the directors as they may require and make an annual report to the members at the annual meeting. He shall perform such other duties as the directors may authorize or direct and those usually incident to such office or required by statute. He shall give bond with such responsible sureties or surety and in such amount as the board of directors may from time to time prescribe.

SEC. 7.—*Signing of checks.* Checks on association funds shall be signed by such officer or officers as the board of directors may, from time to time, authorize and direct.

SEC. 8.—*Removal of officers.* Any officer may be removed from office during his term by majority vote of the entire membership of the board of directors.

SEC. 9.—*Auditing committee.* The auditing committee shall consist of three members elected at the annual meeting for 3-year terms except that at the first election 1 shall be elected for 1 year, 1 for 2 years and 1 for 3 years. Thereafter one shall be elected at each annual meeting, for a 3-year term. The committee shall at all times have access to the books, vouchers, and accounts of the association; shall examine and audit the same and every balance sheet of the receipts and expenditures and effects of the association at least every 3 months; and shall present audit reports to the quarterly membership meetings with recommendations. The committee shall be responsible for the daily and perpetual accounting system kept by the treasurer, and shall check same periodically.

SEC. 10.—*Nominating committee.* At each February membership meeting a nominating committee of five members who shall not at that time be directors shall be elected by a majority vote of the whole membership.

The committee shall thereupon nominate two qualified members for each directorship and committee membership to be elected at the next ensuing annual meeting. The list of nominations shall be sent to the members with the notice of the annual meeting. Other nominations may be made from the floor at the annual meeting.

This committee shall perform the duties relative to membership applications, etc., as hereinbefore provided, including those provided in Section 3 of Article III.

SEC. 11.—*Recall of directors and elected committee members.* Any director or elected member may be removed from office at any duly called and noticed regular or special meeting of the members held at least 10 days after charges in writing shall have been filed with the secretary by any member, by majority vote of the entire membership or by a two-thirds vote of a quorum present in person. The accused and accuser may present evidence and be represented by counsel at such meeting. The unexcused absence of a director from three successive meetings of the board or of a committee member from three successive committee meetings shall automatically remove such director or committee member from office. The vacancy may be filled for the remainder of the term by the same vote as required for removal, at the same or any subsequent meeting.

ARTICLE X.—*Property Priorities*

SECTION 1.—*Site.* Members may express first, second, and third preferences as to choice of dwelling site within the association's property. An attempt shall be made by the architects to assign sites according to above preferences.

If after consultations with the architects, one of the preferred sites is approved by the member and the architects, it shall be tentatively assigned, subject to approval by the board.

If the member and the architects cannot agree on one of the preferences or on any other available site the matter shall be submitted to the board for assignment. The board shall take into consideration the member's preferences, the tenure of membership, the recommendations of the architects and any other matters in the interest of the member of the association. Other members who may have interest in the decision of the board are encouraged to express such interest to the board. A majority vote of the whole board shall constitute a decision which shall be binding upon all parties concerned.

SEC. 2.—Building. Priorities in the building of houses will be determined by the most economical order of construction.

ARTICLE XI.—Amendments

These bylaws may be amended, repealed or otherwise changed, in manner not contrary to law or the articles of incorporation, at any duly and regularly called and noticed regular or special meeting by majority vote of the entire membership, provided that notice of such meeting, whether regular or special, shall contain a fair statement of the proposed amendment, repeal or change. So long as any mortgage of the association is insured by the Federal Housing Commissioner, no change in these bylaws shall take effect until it has his approval, in writing.

Lease Agreement of All-the-way Cooperative

This lease is made day of, 19. . ., between the Housing Association, a nonprofit cooperative duly incorporated and existing under the laws of the State of, hereinafter called the "association", and, residing at (a single member or joint members of the association) hereinafter called the "member" or "lessee."

Whereas, the association has been incorporated for the purpose of owning and operating dwelling properties in the County of and State of, known as Nos. Street,, hereinafter called the "properties," upon a cooperative basis, with the intent that the members of the association shall have the right to lease and occupy dwellings therein under the terms and conditions hereinafter set forth as long as they, respectively, are members; and

Whereas, the member is the owner and holder of a membership certificate of the association, and has paid to the association the sum of \$., and is entitled by reason thereof to a lease of the dwelling hereinafter described, subject to the bylaws of the association;

Now, therefore, in consideration of the premises and the covenants, conditions, and agreements herein contained, the association hereby lets to the member and the member hereby hires from the association the dwelling and appurtenances now known as, hereinafter called the "dwelling", consisting of . . . rooms and . . . baths to be occupied strictly as a private dwelling by the member and the family of the member, except as hereinafter provided, for 99 years, beginning on the day of, 19. . . .

The parties hereto mutually covenant and agree as follows:

1. The member agrees to pay, over a period of years, the sum of \$. as the portion of the blanket mortgage of the association attributable to the dwelling, said payment to be made in monthly installments as a part of the monthly payments provided for in the succeeding paragraph, and in accordance with the schedule hereto attached and made a part hereof.

2. The member shall make monthly rental payments to cover the association's payments of interest on that portion of the blanket mortgage of the association attributable to the dwelling, FHA mortgage insurance, replacement and general reserves, hazard and casualty insurance, and taxes attributable to the dwelling. The member shall, in addition, pay a monthly service charge to cover his share of the operating and maintenance expenses of the association. The amount of these payments, as determined by the board of directors of the association, in accordance with the bylaws of the association and the terms of the mortgage of the association, may vary from year to year, and the association shall give notice of these changes to the lessee. These payments, together with payments required by section 1, hereinafter called the "monthly payment," shall be due and payable in advance on the first day of each month.

3. In consideration for, and on condition of, the member's prompt making of said monthly payments and promptly and strictly performing the conditions, covenants, and agreements contained in this lease and in the rules and regulations of the association, the association covenants that the member may, at all times during the said term, peaceably have and enjoy the dwelling.

4. The association shall maintain and manage the properties on a high level and shall make available electricity, gas, and sewers without discrimination among member-lessees, and shall supply water. The association reserves the right to suspend the above supplies and services at such time as may be necessary by reason of shortage of labor or accidents, or because of alterations or repairs deemed desirable by the association. The

association shall not be held responsible for interrupted supplies or services caused by any reason whatsoever, nor shall there be any diminution or abatement of monthly payments on account of such interruption, but the association shall not discriminate among member-lessees in such matters.

5. The association shall keep in good repair the grounds, community structures, structural elements and exteriors of dwellings, and utility improvements, including all electric and heating fixtures and equipment appurtenant to the dwelling, it being agreed that the member shall give the association prompt notice of any accident or defect requiring such repairs to be made, and shall at all reasonable times allow the agents of the association to enter and inspect the dwelling in order to ascertain when such repairs are needed and the nature and extent thereof and to make such repairs and, upon reasonable notice, to remove such portions of the walls, floors, and ceilings of the dwelling as may be required for the purpose of making such repairs, which portions, so removed, the association shall, as soon as such repairs can reasonably be finished, replace in as good condition as before such removal, all such repairs to be at the expense of the association unless the same shall have been rendered necessary by the negligence, carelessness, or other act of the member, or of any member of the family, guests, or employees of the member, in which case the expense is to be borne by the member.

6. The member shall, during the term of this lease, keep the interior of the dwelling and plumbing and other appurtenances belonging thereto, except as above provided, in good order and repair, and make all decorations therein, and the association shall not be held answerable for any repairs or decorations in and to the dwelling, except as hereinbefore specifically provided, and in case of refusal or neglect of the member during 30 days after notice in writing from the association to make such repairs, or to restore the dwelling to good condition, such repairs or restoration may be made by the association, and any expense incurred thereby by the association shall be immediately due and payable from the member to the association, and shall be added to the monthly payment for the dwelling. The member shall not without the written consent of the association make any alterations, additions, or improvements. Any alterations, additions or improvements which may be made by the member in, to, or upon the premises shall be the property of the association and shall remain upon and be surrendered with the premises at the termination of this lease without disturbance, molestation, or injury; provided that movable furniture and fixtures put in at the expense of the member, and which normally may be removed without damage to the real estate, may be removed by said member but that any injury caused by moving said furniture and fixtures in or out shall be repaired by the member.

7. The member shall promptly comply with and execute all laws, ordinances, rules, orders, and regulations of the Federal, State, and local governments, and of the board of fire underwriters, applicable to the dwelling, or concerning any matter in, upon, or connected with the dwelling, except such as require structural changes or repairs. If the member shall fail to comply promptly with and execute any of the foregoing requirements the association may, upon 5 days' written notice to the member, enter in and upon the dwelling and comply with and execute the same for the account of the member and any expenses thus incurred by the association shall be immediately due and payable from the member to the association, and shall be added to the monthly payment for the dwelling. The member shall not do anything or suffer anything to be done in or about the dwelling which will increase the rate of insurance upon the property, or which may be deemed hazardous under the law or by the usage of insurance companies.

8. The member shall hold the association free from liability for any damage to person or personal property in the dwelling caused by gas, steam, electricity, rain, snow, water from the tanks, pipes, plumbing work, sewerage, falling plaster, or any other cause whatsoever; the member shall hold his personal property in the dwelling or anywhere else in the properties at his own risk, and shall hold the association free from any liability for any damage thereto from any cause arising.

9. In case of damage by fire or the elements, the member shall give immediate notice thereof in writing to the association. The association shall repair same with all reasonable dispatch at its own cost and expense, except as provided in section 5. If the damage shall be so extensive as to render the dwelling wholly untenable, the monthly payments shall be suspended from the time the association is notified of such damage until the dwelling is restored to tenantable condition, and thereafter shall begin to run and to be payable as before.

No claim for compensation shall be made by the member by reason of inconvenience, damage, or annoyance arising from the necessity of repairing any portion of the dwelling, however the necessity may occur.

10. If the dwelling or plot of land on which it stands, or any part thereof, be condemned or taken for public use or quasi-public use, the association shall be entitled to and shall receive any award that may be made to, or for the account of the member for the value of the unexpired portion of the term of this lease. In such case the parties hereto shall negotiate for a modification of this lease for the balance of the term in order to equitably readjust the terms hereof in view of conditions as changed by such condemnation or taking. If they cannot agree then, upon demand in writing of either party, naming an arbitrator, the other party shall name an arbitrator and if the two arbitrators cannot agree and cannot agree upon a third arbitrator, a third arbitrator shall be named by the then presiding judge of the County Court. The arbitrators shall proceed in the usual manner and their decision, by majority vote, shall be final.

11. The member shall, at the option of the association, purchase from the association, or from any person or corporation designated by the association, such electric current, gas, water, and sewage disposal as may be required by the member for use in the dwelling upon condition that the rates charged therefor by the person or corporation furnishing said utilities shall not, at any time, exceed the rate fixed for the district by the appropriate rate-making authority. The member agrees to pay for such utilities upon presentation of a bill for such utilities, and upon the failure of the member to pay for such utilities, the amount so due shall be added to and become a part of the monthly payment next becoming due.

12. The association reserves the right to make such rules and regulations as in its judgment from time to time may be needed for the safety, care and cleanliness of the properties, and for the preservation of good order and comfort therein, and the member agrees faithfully and punctually to observe and comply with such regulations and further agrees that all persons living in or visiting the dwelling will also punctually observe and comply therewith.

13. This lease is and at all times shall be subject and subordinate to the lien of any mortgage, deed of trust, encumbrance or encumbrances now affecting the project of which the dwelling herein described is a part, or which may at any time hereafter be placed thereon, or on any part thereof, and subject and subordinate to any modification of any such mortgage or deed of trust and to any substitute mortgage or deed of trust and further the member agrees to execute, at the association's expense, any instrument which the association or any lender may deem necessary or desirable to effect the subordination of this lease to any such encumbrance, and the member hereby appoints the association the member's attorney in fact, irrevocable, during the term hereof, to execute any such instrument on behalf of the member.

14. For default by the member in the payment of any sum payable hereunder, the association shall have the same legal remedies as for default in the payment of rent. The various rights, powers, remedies, options, and elections to the association reserved, expressed, or contained in this lease are cumulative and no one of them shall be deemed exclusive of the others, or of such rights, powers, remedies, options, or elections as are now or may hereafter be conferred upon the association by law. For any breach or threatened breach of this lease, the association shall be entitled to restrain the member by injunction.

15. No voluntary surrender of this lease or the term hereby demised, shall be valid or binding upon either party, unless such surrender shall be in writing duly signed by both the parties hereto.

16. All notices may be delivered to either party personally or by registered mail, addressed respectively to the association at its office or to the member at the dwelling.

17. The failure of the association in any one or more instances to insist upon the strict performances of any of the covenants of this lease, or to exercise any option herein conferred, shall not be construed as a waiver or relinquishment of any such covenants, conditions, or option, or of any breach thereof, but the same shall continue and remain unaffected by any such failure.

18. The member shall not, without first obtaining the written consent of the association in each and every case, under penalty of forfeiture of this lease and expulsion from membership:

- (a) Either assign, mortgage, or otherwise encumber this lease, in whole or in part, or any interest therein;
- (b) Or sublet the dwelling or any part thereof;
- (c) Or occupy or permit the dwelling or any part thereof to be occupied except for dwelling purposes;
- (d) Or permit anyone other than the member or members of his family regularly to occupy the dwelling or any part thereof.

19. The association hereby consents to the member's subletting the dwelling upon the following conditions solely:

A. Members shall make an application in writing for leave to sublet.

B. Proposed sublessee, the rate and terms of sublease must be acceptable to and approved by the association. The member, while subletting, shall continue to be responsible to the association in all respects the same as if he had not sublet.

C. Application for leave to sublet under subdivision B of this paragraph shall be made on a form to be provided by the association and shall contain the name, address, and occupation of the proposed subtenant. It shall also contain a statement that the member has not received nor been promised any consideration or thing of value, directly or indirectly, from the proposed subtenant or any other person for the making of the proposed sublease or as subrental therefor except what is mentioned in said application. Such application shall also contain such further information pertinent thereto as the association may from time to time require.

D. Any sublease made hereunder shall be in a form to be provided by the association and shall contain a suitable provision that such sublease shall terminate at any time the association shall determine that because of conduct on the part of such subtenant or of persons living in or visiting the dwelling the tenancy of such subtenant is undesirable, and upon 5 days' written notice of such determination.

E. It is understood by the member that it is one of the association principles and purposes which the association was incorporated to accomplish that no member shall derive any profit directly or indirectly from the making of a sublease and the member agrees that he will not at any time take any profit. A breach of this covenant shall entitle the association to terminate this lease as provided in paragraph 20 hereof.

20. The granting of this lease and the continuance of the term hereof are conditioned that at the association's option, upon the happening of any of the events mentioned in subdivision A to F, both inclusive, of this paragraph, or in subdivisions (a) to (d) of paragraph 18, or in case of the violation of any term or condition of this lease agreement, the association may give the member at least 30 days' written notice of the association's election to end the term of this lease, and upon the date specified in such notice the term of this lease shall terminate, and all right of occupancy hereunder on the part of the member or any subtenant shall cease, with the same force and effect as though that were the date originally set in this lease for the termination thereof, and the member shall thereupon forthwith quit and surrender the dwelling to the association, unless before the expiration of such period the member shall have eliminated all defaults and brought himself fully up to date according to the terms, conditions, and agreements hereof. In the event of such termination the association shall have the right to re-enter the dwelling and dispossess and remove therefrom the member or other occupant or occupants thereof and their effects. The member shall, however, remain liable to the association for past obligations and any additional expense incurred by the association under or as a result of any of the matters or situations described or provided for in this paragraph.

Among the conditions and events herein referred to are the following:

A. In case at any time during the term of this lease the member shall cease to hold membership in the association, to which membership this lease is appurtenant;

B. In case the member becomes or is adjudicated insolvent or a bankrupt, or makes a general assignment for the benefit of creditors, or takes the benefit of any insolvency or bankruptcy act, or in case a receiver, trustee, or assignee is appointed for the member's property, or in case an execution or attachment issues against the member's property whereby the dwelling or any of the member's rights under this lease shall be levied upon, advertised for sale, or sold by operation of law or otherwise;

C. In case of any subletting hereunder, without the consent hereinbefore required; or in case of any misrepresentation in any application for leave to sublet;

D. In case of the expulsion of the member as provided for in section 7 of Article III of the bylaw of the association;

E. In case the member shall default, for a period of 30 days, in the monthly payment or any other proper charge against him;

F. In case the member, either before or after the commencement of the term hereof shall be in default in the performance of any other covenant, condition, or agreement hereof, for 30 days after written notice of such default shall have been given to the member by the association.

21. Should this lease be terminated, the member shall deliver this lease and a duly executed and acknowledged surrender thereof to the association, and deposit therewith, and surrender to the association, the member's membership certificate appurtenant to this lease, receiving a receipt therefor.

Should the member fail to make the deposit provided for in the above paragraph, then the association shall have the option at any time upon 10 days' written notice to the member to cancel said membership certificate on its records and the same shall thereafter be void and of no effect.

22. Whenever the member makes to the association a written offer to surrender the lease and the membership certificate appurtenant thereto, the association shall proceed in accordance with the bylaws of the association. When and only when repurchase or other transfer of the member's equity is accomplished and completed, as provided in the bylaws, the member shall be released from all liability on said lease.

23. If this lease is made to a joint membership, then the joint members shall be deemed liable hereunder jointly and severally. When one of two joint members dies the rights and responsibilities under this lease rest in the survivor. This lease agreement shall terminate upon the death of the individual lessee or the survivor of joint lessees.

24. The member shall quit and surrender the dwelling at any termination of this lease in as good condition as it was at the beginning thereof, and as it was at the beginning of occupancy, reasonable wear and damage by the elements excepted. All loss to the association or damage to or depreciation of the dwelling resulting from non-approved changes or neglect in maintenance of the dwelling shall be charged against the member's equity at the time of any termination of this lease. If the dwelling be not promptly surrendered at any termination of this lease, all loss or damages which the association may suffer by reason thereof shall be charged against, and deducted from, the member's equity.

25. Each party hereby promises and agrees to execute and deliver any and all papers or documents of any nature which may, from time to time, be required or necessary in order to fully effectuate any of the provisions of this lease according to the spirit, intent and purpose hereof.

In witness whereof, the parties hereto have set their respective hands and seals the day and year first above written in duplicate.

In presence of:

..... [L.S.]
..... [L.S.]

..... HOUSING ASSOCIATION

By:
President.

Attest:

.....
Secretary.

STATE OF } ss.
..... County of

The foregoing instrument was acknowledged before me this day
of 19..... by
Witness my hand and official seal.

My commission expires

.....
Notary Public

STATE OF } ss.
..... County of

I, a Notary Public in and for said County, in the State aforesaid, do hereby
certify that

.....
who are personally known to me to be the same persons whose names are subscribed to the foregoing lease as hav-
ing executed the same respectively as President and Secretary of Housing Association, a corpora-
tion, and who are known to me to be such officers, respectively, appeared before me this day in person and sev-
erally acknowledged: That the seal affixed to the foregoing instrument is the corporate seal of said corporation;
that the same was thereunto affixed by the authority of said corporation; that said instrument was by like
authority subscribed with its corporate name; that the said is the
President of said corporation, and the said is the Secretary thereof; that by the
authority of said corporation they respectively subscribed their names thereto as President and
Secretary, and that they signed, sealed and delivered the said instrument of writing as their free and voluntary
act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein
set forth.

Given under my hand and official seal, this day of, A.D., 19.....

My commission expires, 19.....

Co-ventures

Articles of Incorporation of Co-venture Association

We, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a
nonprofit corporation under the laws of the State of

We hereby certify—

1. That the name of said corporation shall be Housing Association.

2. That the purposes for which it is formed are—

(a) To take, purchase, exchange, hire, lease, or otherwise acquire, and to own and hold unlimitedly within
and without the State of and elsewhere, to occupy, control, maintain, manage, sell, convey, exchange,
lease, sublease or otherwise alienate or dispose of, and to mortgage or otherwise encumber and otherwise to
handle and to deal in real estate and real property, either improved or unimproved, and any interests or rights
therein.

(b) To build, erect, construct, purchase, lease, or otherwise acquire, own, provide, establish, maintain, hold and operate homes, schools, child nurseries, factories, laboratories, warehouses, agencies, depots, garages, buildings, structures, offices, works, stores, plants, commissaries, delivery and transportation facilities, and all other things of whatsoever kind and nature, within and without the State of, suitable, necessary, useful, convenient or advisable in connection with any or all of the objects hereinbefore or hereinafter set forth.

(c) To employ, engage, hire and to appoint corporations, firms and individuals in any and all parts of the world to act as agents for this corporation in such capacity and on such conditions as may be determined from time to time by the board of directors, with the approval of the holders of membership certificates. The procedure necessary to obtain the approval of the membership shall be provided in the bylaws.

(d) To enter into, make, perform and carry out contracts of every sort and kind which may be necessary or convenient for the purposes of this corporation with any person, firm, association, corporation, private, public or municipal, body politic, any State, territory or municipality of the United States or any foreign government, colony or body politic, or with the United States of America, any political, administrative or governmental subdivision therein, or any corporation formed by or supervised by the United States of America, or by any foreign government, colony or body politic.

(e) To borrow or raise moneys for any of the purposes of this corporation and from time to time to issue warrants, bonds, debentures, notes, or other obligations, secured or unsecured, of this corporation for moneys so borrowed, or for any of the other objects or purposes of this corporation, or in connection with its business to secure such bonds, debentures, notes and other obligations by mortgage or mortgages, or deed or deeds of trust, or pledge or other lien upon any or all of the property rights, privileges or franchises of this corporation where-soever situated, acquired or to be acquired, and to pledge, sell, or otherwise dispose of any or all of such bonds, debentures, notes and other obligations of this corporation for its corporate purposes.

(f) To carry on any business whatsoever which this corporation may deem proper or convenient in connection with any of the foregoing purposes or otherwise, or which may be calculated directly or indirectly to promote the interests of this corporation, or to enhance the value of its property or business, to have and to exercise all the powers conferred by the laws of the State of upon corporations formed under the laws pursuant to and under which this corporation is formed, as such laws are now in effect or may at any time hereafter be amended.

(g) This corporation does not contemplate pecuniary gain or profit to the members thereof. Its purpose is to provide homes and develop community life and activities for the occupation of, participation in and benefit of the holders of its membership certificates.

3. That the county in which the principal office for the transaction of the business of said corporation is located in County, State of

4. Membership in this corporation shall be evidenced by a certificate of membership. The authorized number and qualifications of the membership of this corporation, the property, voting and other rights and privileges of the membership, the liabilities of the membership for dues and assessments, and the method of collection thereof, shall be as provided in the bylaws of this corporation, and as amended in such bylaws from time to time.

Bylaws of Co-venture Association

ARTICLE I.—Name and Offices

SECTION 1.—Name. The name of the corporation (hereafter called the co-op) is Association.

SEC. 2.—Offices. The principal office shall be in the city of, State of The co-op may have an office in the city of,, and also offices at such other places as the board of directors may from time to time determine or the business of the co-op may require.

ARTICLE II.—Purpose and Policy

SECTION 1.—Purpose. The purpose of the co-op is to provide its stockholders (hereafter called "members") with housing and related facilities and services on the cooperative plan for their mutual benefit.

SEC. 2.—Policy. It shall be the policy of the co-op to promote the economic and social welfare of its members by—

- (a) Utilizing their united funds and efforts to provide housing and related facilities and services for use and not for profit
- (b) Adhering to cooperative principles and methods
- (c) Operating as economically as feasible
- (d) Promoting the participation of all members in the development of cooperative activities
- (e) Maintaining fair labor practices in its relations with its employees
- (f) Giving preferred consideration to the use and purchase of materials, commodities, and services produced and distributed under union labor conditions

- (g) Purchasing through and from cooperative organizations
- (h) Associating itself with other cooperative societies for advancing the knowledge and practice of consumer cooperation, particularly in the field of housing
- (i) Doing such other things as shall serve the social, economic, and cultural welfare of its members and the public.

ARTICLE III.—*Membership*

SECTION 1.—*Requirements for membership.* Any person, or any two adults in one household jointly, may become a member of the co-op by—

- (a) Showing proof of membership in Association
- (b) Filing a signed membership application and furnishing such information as the board of directors may require
- (c) Paying a membership fee of \$50 which, after the applicant has been accepted as a member, shall not be refundable or transferable. (This provision shall be applicable only to persons making application for membership on or after)
- (d) Paying for or showing proof of ownership of 205 shares of stock in the co-op at the par value of \$1 per share
- (e) Agreeing to purchase a lot and dwelling unit in the cooperative housing project
- (f) Making an initial payment to be credited to applicant toward the purchase price of a lot and dwelling unit (in the case of an original applicant, not a transferee of another applicant or member, the required initial payment shall be \$800)
- (g) Agreeing to execute a membership agreement and to make additional payments, as and when needed, to finance the cost of the lot and dwelling unit selected by him
- (h) Agreeing to comply with the rules of the co-op, as set forth in these bylaws or as duly established by action of the board or of the members, and at all times to promote the aims and purposes of the co-op, the success of its operations, and the welfare and harmony of the cooperative housing community.

Provided, That membership shall not become effective until the applicant has been accepted as a member by action of the board or of the members.

Any 10 members may, by written petition, appeal to the membership on behalf of a person whose application has been rejected by the board. Any 10 members may, by written petition, also appeal to the membership against the action of the board in approving an applicant, provided the appeal is filed within 10 days after notice to the membership of the board's action by publication in the monthly news letter or other appropriate means. Either type of appeal shall be heard at the next membership meeting after the appeal is filed and notice thereof shall be given to the members prior to the meeting, but if no membership meeting is scheduled to be held within 30 days of such appeal, then the secretary shall call a special meeting to be held within such period.

No member may hold more than one membership in the co-op, and no membership shall be transferable except as provided in these bylaws.

SEC. 2.—*Joint membership.* Subject to approval by the board or the membership as provided in section 1 of this article, a single membership may be converted to a joint membership upon the written request of the member and the agreement of both parties to the joint membership to comply with the bylaws and other rules adopted by the co-op. The effect of a joint membership shall be that—

- (a) The presence at a meeting of either joint member shall be accepted as the presence of one member, and shall revoke a proxy issued by either or both
- (b) Both jointly shall have one vote which may be cast by either
- (c) Notice to either shall constitute notice to both
- (d) Withdrawal or expulsion of either shall terminate joint membership
- (e) Either, but not both, may be elected or appointed as a director or officer
- (f) Upon the death of either, the membership shall be in the name of the survivor, but the estate of the deceased shall not be released from any debts due the co-op.

SEC. 3.—*Termination of membership.* (a) The transfer of a member's stock or its redemption or repurchase by the co-op shall terminate his membership.

(b) The board of directors may at any time prefer charges against a member if the board is of the opinion that such member has violated any of the provisions of these bylaws, or that he has been guilty of conduct detrimental to the co-op. The member against whom the charges are to be preferred shall be informed thereof in writing at least 10 days in advance of a regular or special meeting of the members, and shall have an opportunity to be heard in person or by counsel at the meeting. A member may be expelled by the vote of two-thirds of the members voting at such meeting, provided that the affirmative vote of a majority of the entire membership shall be required for expulsion, and provided further that such proposed expulsion was listed in the notice of the meeting.

(c) Upon the expulsion of a member or on the death of a member other than a joint member, his stock shall be subject to redemption as provided in Article IV; and his purchase agreement and membership agreement shall be terminated except for the right to transfer rights thereunder in accordance with their terms. Such agreements shall provide terms and conditions of general applicability governing a member's transfer of his rights thereunder and the consideration he may receive therefor.

ARTICLE IV.—*Capital Stock*

SECTION 1.—*Authorized capital stock.* The authorized capital stock of the co-op shall be \$100,000, consisting of 100,000 shares of a par value of \$1 per share.

SEC. 2.—*Share certificates.* Each member shall be entitled to a certificate or certificates, certifying the number of shares owned by him, signed by the president or vice president and the secretary or treasurer and sealed with the corporate seal. All certificates for stock which is restricted or limited as to its transferability or voting powers, or which is preferred or limited as to its dividends, or as to its share of the assets upon dissolution shall have printed thereon a summary of restrictions, limitations, or preferences as required by law.

SEC. 3.—*Registered stockholders.* The co-op shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

SEC. 4.—*Lost certificate.* In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefor upon such uniform terms and indemnity to the co-op as the board of directors shall prescribe.

SEC. 5.—*Member's shareholdings.* The minimum number of shares to be held by each member shall be 205. If and when approved by a majority vote of all the members, each member may be required to purchase additional shares, but no member may be required to purchase more than 500 shares except upon the affirmative vote of two-thirds of all the members, but in no case shall a member be required to purchase more shares than the maximum number specified in the membership agreement. In no case shall any member be required to hold more shares than any other member is required to hold.

SEC. 6.—*Return on shares.* No interest or dividends shall be paid on capital stock.

SEC. 7.—*Transfer of shares.* (a) All transfers of the stock of the co-op shall be made upon the books of the co-op by the holders thereof in person or by their legal representatives, and shall be subject to the conditions set forth in these bylaws. Certificates of stock offered for transfer shall be surrendered and canceled and new certificates issued in the name of the assignee.

(b) The shares of stock of the co-op issued to any purchaser or holder thereof, and the certificate or certificates representing the same, shall be transferable only as an entirety, unless the board of directors shall otherwise permit.

(c) No shares shall be transferred until all claims of the co-op against the owner of such shares have been paid.

(d) As a condition precedent to the transfer of any stock, or on a transfer thereof voluntarily or by operation of law, the co-op shall have the option of repurchasing the same at the par value thereof within 30 days' notice of the transfer or of the proposed transfer. The purchase agreement or the membership agreement shall provide terms and conditions of general applicability governing the exercise of this option by the co-op.

(e) In the event the co-op does not exercise its option, the member may transfer his shares and his rights under the purchase agreement or the membership agreement to a person acceptable to the co-op. If a proposed transferee is disapproved by the board, the member may appeal to the membership, and the decision of the members thereon shall be final. Such appeal shall be heard at the next special or regular membership meeting, and if no such meeting is scheduled to be held within 30 days of such appeal, then the Secretary shall call a special meeting to be held within such period. Any shares transferred without the approval of the co-op shall be subject to redemption as provided in section 8 of this article.

(f) The transfer of shares upon the death of a member, other than a joint member, shall be permitted according to the terms of the purchase agreement or the membership agreement.

SEC. 8.—*Redemption of shares.* Subject to the provisions of the certificates of incorporation, any shares of the co-op shall be subject, at the option of the co-op, to redemption by the co-op at the par value thereof, but such option may be exercised only in the following cases:

(a) If the holder thereof so requests

(b) If the stock is transferred contrary to the provisions of these bylaws, the purchase agreement or the membership agreement

(c) If, and to the extent that, a member's holdings exceed the amount specified in section 5 of this article

(d) If the holder thereof, after 30 days' written notice of such default, remains in default as to any payments required by the purchase agreement, the membership agreement, or these bylaws

(e) If the membership agreement of the holder of the shares is terminated in accordance with its terms or is assigned by him

(f) If the holder thereof is expelled from membership

(g) Upon the death of a member, other than a joint member, except as provided in the membership agreement

(h) If the holder thereof sells or transfers his property in the cooperative housing community.

Shares so redeemed shall be held as treasury stock and may be sold by the co-op.

ARTICLE V.—*Membership and Option Agreements*

SECTION 1.—*Membership agreement.* The right of any applicant or member to purchase a lot and dwelling unit in the cooperative housing community shall be dependent upon his executing the co-op's standard form of membership agreement, as adopted and approved by a two-thirds vote of the members voting, which shall set out the purchase price or the method of ascertaining it, the terms of payment, and all the rights, privileges, duties, and liabilities of both the co-op and the member with respect to membership in the co-op and ownership, use, and occupancy of a dwelling unit in the cooperative housing community.

SEC. 2.—*Option agreement.* Each member, as a condition precedent to delivery of a deed to the selected lot and dwelling unit, shall execute the co-op's standard form of option agreement, as adopted and approved by a two-thirds vote of the members voting, giving the co-op the first option to purchase or repurchase the lot and dwelling unit upon the happening of any of the conditions therein specified and at a price determined according to the method therein provided. The option agreement shall be recorded with the deed.

ARTICLE VI.—*Members' Accounts and Patronage Rebates*

SECTION 1.—*Payments on lot and dwelling unit.* The initial payment of \$800 received from each member shall be credited to the member's appropriate account on the co-op's books as a payment toward the cost or purchase price of the lot and dwelling unit selected or to be selected by him. No further down payment shall be required of any member until a firm commitment has been entered into for construction of the dwelling unit selected by him. Any additional payments received from a member in accordance with the terms of the membership agreement shall likewise be credited to the member's account. No interest shall be paid on those accounts.

SEC. 2.—*Patronage rebates.* In order to defray the cost of current maintenance, administrative, and other expenses, such as the costs of services rendered by the co-op, each member shall be required to make payments to the co-op, at such times and in such amounts as may be determined by a two-thirds vote of the members voting, which payments shall be credited to the member's patronage account. At least once during each fiscal year of the co-op there shall be charged to each member's account his proper share of the cost of such administrative, maintenance, and other expenses. In determining the amount thereof, the board may group the charges and the corresponding costs and expenses involved to the extent that it may deem such groupings to be feasible without creating substantial inequities. The excess of the receipts over the cost of current maintenance, administration, and other expenses, shall be available for patronage rebates to the members and shall be refunded to them at least once during each fiscal year of the co-op on the basis of their patronage; provided, however, that before making any patronage rebates, the board of directors shall have authority to retain such amounts up to 25 percent of the excess of receipts over costs and expenses as they may think proper to provide a reserve fund or funds for working capital, to cover contingencies, or for such other purposes as the needs of the co-op may require. No interest shall be paid on any such reserve fund or funds or on the member's patronage accounts. On termination of a membership for any reason, there shall be no obligation on the part of the co-op to return to the former member any part of such reserve fund or funds, except as provided in these bylaws or the membership agreement.

ARTICLE VII.—*Meetings of Members*

SECTION 1.—*Place of meeting.* Meetings of members shall be held at such place as is designated in the notice of the meeting or in the consent to the holding thereof executed by the members. Any meeting of members may be held at a place outside if the members entitled to cast a majority in number of votes at the meeting either (a) consent in writing executed and filed with the records of the meeting either before or after the holding thereof to the holding thereof outside, or (b) appear by their addresses as shown on the books of the co-op to be nonresidents of; but in all other cases meetings of members shall be held within

SEC. 2.—*Annual meeting.* An annual meeting of members beginning with the year 1947, shall be held in November of each year at such time and at such place as shall be designated in the notice of the meeting, at which the members shall elect directors and may transact such other business as may properly be brought before

the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the co-op.

SEC. 3.—Annual statement. A full and true statement of the affairs of the co-op shall be submitted at the annual meeting and shall be filed within 20 days thereafter at the principal office of the co-op. Such statement shall be prepared by the secretary or such other executive officer as may be designated by the board.

SEC. 4.—Special meetings. At any time in the interval between annual meetings, special meetings of the members may be called by the president, or by a majority of the board. On the request in writing delivered to the president or secretary or any director, of 10 per centum or more of members, it shall be the duty of the president, secretary or director to call forthwith a meeting of the members. Such request shall state the purpose or purposes of the proposed meeting. No business shall be transacted at a special meeting except that named in the notice of such meeting.

SEC. 5.—Notice of members' meetings. Written notice stating the place, day, and hour of the meeting and, in the case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called and the business proposed to be transacted thereat, shall be delivered not less than 10 days nor more than 20 days before the date of the meeting, either personally or by mail, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the co-op, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SEC. 6.—Quorum. Ten percent of the total number of members, present in person, shall constitute a quorum for the transaction of business. If less than a quorum is present at a meeting, a majority of those present in person may adjourn the meeting from time to time, provided that the secretary shall notify all members of the time and place of such adjourned meeting. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally notified.

SEC. 7.—Voting. Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon except as otherwise provided by law, the certificate of incorporation, or these bylaws. Except as otherwise specified in these bylaws, voting shall be by voice, but the chairman or any member present may require a show of hands or a standing vote, while a third of the members present in person or by proxy may require a secret ballot. However, an accredited proxy-holder shall not be denied the right to vote such proxy.

SEC. 8.—Record date. The board of directors is authorized to fix a date not less than 20 nor more than 30 days preceding the date of any members' meeting as a record date for determination of members entitled to notice of and to vote at such meeting, and only members of record on such date, when fixed as herein provided, shall be entitled to notice of and to vote at such meeting.

SEC. 9.—Proxies. A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the secretary before or at the time of the meeting. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment thereof. A member may give his proxy only to another member or to an adult relative living in the same home with such member, and no person may hold more than one proxy at any meeting. The presence of a member at a meeting shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

SEC. 10.—Matters submitted in writing. The following matters shall be submitted in writing to the members in advance of any members' meeting whenever they are to be brought before any meeting for action:

- (a) Election of directors
- (b) Amendment of the certificate of incorporation
- (c) Amendment of the bylaws
- (d) Matters which are the subject of the call of special meetings
- (e) Any matter upon which a vote of a fixed or specified proportion or percentage of the members is expressly required by these bylaws or the certificate of incorporation, or bylaw
- (f) Matters whether in the form of a question, motion, or resolution which are presented to the board by petition of 25 members not later than 20 days preceding the date of any members' meeting; provided that for such submission each such matter shall be stated in not more than 200 words.
- (g) Expulsion of members and removal of directors and officers
- (h) Appeals from actions by the board as provided for in these bylaws
- (i) Any other matters which the board may wish to submit in this manner.

SEC. 11.—*Order of business.* The order of business at the annual meeting of the members and, so far as appropriate, at all other meetings of the members, shall be essentially as follows:

- (a) Determination of a quorum
- (b) Reading of the notice of the meeting, or due publication or mailing thereof, and of waivers thereof
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of reports of officers and committees
- (e) Election of directors
- (f) Election of committees
- (g) Unfinished business
- (h) New business
- (i) Adjournment.

ARTICLE VIII.—*Board of Directors*

SECTION 1.—*General powers.* The business and affairs of the co-op shall be managed by a board of directors which shall exercise all the powers of the co-op except such as are by law, the certificate of incorporation, or these bylaws conferred upon or reserved to the members. All directors must be members of the co-op.

SEC. 2.—*Number of directors and terms of office.* The persons named as directors in the certificate of incorporation and such additional persons, not exceeding four, selected by them shall compose the board until the first annual meeting or until their successors have been elected and qualified. At the first annual meeting there shall be elected 11 directors, 5 to serve until the next annual meeting and 6 to serve until the annual meeting after the next one. Thereafter, all directors shall be elected for 2-year terms. Directors shall serve until their successors have been elected and qualified, unless removed earlier by the members. No person may serve as director for more than three consecutive full terms.

SEC. 3.—*Nominations.* Not less than 40 days nor more than 60 days before a meeting at which directors are to be elected, the president shall appoint a nominating committee of five or more members, none of whom is a director. The committee shall prepare and report to the president a list of nominees, not less than 30 days before the members' meeting. The president shall cause the list of nominees to be posted in the principal and other offices of the co-op immediately. Any 20 or more members may, by written petition, nominate a candidate not less than 20 days before the meeting and such nominations shall be posted by the secretary together with the committee's nominations. The secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and the names of the candidates, listing separately the nominations of the committee and those made by petition, if any. The chairman shall invite additional nominations from the floor at the meeting and nominations shall not be closed until at least one minute has passed during which no additional nominations have been made.

SEC. 4.—*Election of directors.* Directors shall be elected by secret ballot. Each member may vote for as many nominees as there are directors to be elected, and the nominees, equal to the number of directors to be elected, who have received the highest number of votes shall be declared elected. At the first annual election, the 6 successful nominees having the highest number of votes shall be elected for the 2-year term.

SEC. 5.—*Removal of directors by members.* At any regular or special meeting of members duly called, of which notice has been duly given, any director may, by vote of a majority of all the members or by a two-thirds vote of the members present in person or by proxy, whichever is less, be removed from office. Such director shall be informed in writing of the charges against him at least 10 days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations or the following provision with respect to vacancies.

SEC. 6.—*Vacancies.* Subject to the provisions of the preceding section with respect to the filling of vacancies caused by the removal of directors by members, a vacancy occurring in the board shall be filled by the affirmative vote of a majority of the remaining directors whether or not they constitute a quorum, until the next annual meeting, when the members shall elect a director to serve for the remainder of the unexpired term, if any.

ARTICLE IX.—*Meetings of the Board*

SECTION 1.—*Regular meetings.* A regular meeting of the board shall be held without notice, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the board shall also be held monthly or oftener, at such time and place, either within or without, as the board may provide by resolution. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof.

SEC. 2.—*Special meetings.* Special meetings of the board may be called by the president or by any 3 directors and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given to each director at least 2 days before the meeting. The president or the directors calling the meeting shall fix the time and place, either within or without, for the holding of the meeting. Any action taken at a special meeting which was not specified in the notice of the meeting shall be subject to ratification at the next regular meeting, unless the directors not present at the special meeting shall have signed a waiver either before or after the special meeting.

SEC. 3.—*Quorum.* A majority of the directors shall constitute a quorum at any meeting of the board.

ARTICLE X.—*Executive Committee*

The board of directors, by resolution adopted by a majority of the whole board, may provide for an executive committee to consist of two or more of the directors. If provision be made for an executive committee, the members shall be elected by the board. The executive committee shall have and may exercise all the powers of the board in the management of the business and affairs of the co-op to the extent provided in said resolution or resolutions, or by subsequent resolution adopted by a majority of the whole board. In the absence of a member or members of the executive committee, the members thereof present at any meeting (whether or not they constitute a quorum) may appoint a member or members of the board to act in the place or places of such absent member or members. The executive committee shall keep minutes of its proceedings and shall report the same to the board at the meeting next succeeding, and any action by the executive committee shall be subject to revision and alteration by the board, provided that no rights of third persons shall be affected by any such revision or alteration. Vacancies in the executive committee shall be filled by the board.

ARTICLE XI.—*Officers*

SECTION 1.—*Number.* The officers of the co-op shall be a president, one or more vice presidents, secretary, and treasurer. The offices of secretary and of treasurer may be held by the same person, but such person shall not execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required by statute, these bylaws, or resolution of the board to be executed, acknowledged, or verified by two or more officers.

SEC. 2.—*Election and term of office.* The officers specified above shall be elected annually by and from the board at its meeting held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

SEC. 3.—*Other officers and agents.* The board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board. The board may, from time to time, authorize the executive committee or any officer to appoint and remove subordinate officers and agents and prescribe their duties.

SEC. 4.—*Compensation.* The salaries of all officers and agents of the co-op shall be fixed from time to time by the board, except that no director nor any close relative of a director shall receive compensation for serving the co-op in any capacity, unless the payment and the amount of such compensation shall be specifically authorized by a vote of the members. The board may authorize the executive committee or any officer, on whom the power of appointing subordinate officers may have been conferred, to fix the compensation of such subordinate officers or agents.

SEC. 5.—*Bonds of officers and agents.* The treasurer and any other officer or agent of the co-op charged with responsibility for the custody of any of its funds or property shall give bond at the expense of the co-op in such sum and with such surety as the board shall determine. The board may also require any other officer, agent, or employee of the co-op to give bond at the expense of the co-op in such amount and with such surety as it shall determine.

SEC. 6.—*Removal of officers and agents.* Any officer or agent of the co-op may be removed by the board whenever in its judgment the best interests of the co-op will be served thereby. In addition, any member of the co-op may bring charges against an officer and by filing with the secretary such charges in writing together with a petition signed by 10 percent of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least 10 days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SEC. 7.—*President.* The President shall—

(a) Be the principal executive officer of the co-op and, unless otherwise determined by the president or the board, shall preside at all meetings of the members and of the board.

(b) In general, perform all duties incident to the office of president and such other duties as may be prescribed by the board from time to time.

SEC. 8.—*Vice president.* In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall also perform such other duties as from time to time may be assigned to him by the board.

SEC. 9.—*Secretary.* The secretary shall be responsible for—

(a) Keeping the minutes of the meetings of the members, of the board, or of the executive committee, if any, in one or more books provided for that purpose

(b) Seeing that all notices are duly given in accordance with these bylaws or as required by law

(c) Custody of the corporate records and of the seal of the co-op which shall be affixed to such instruments as may require it and thereupon be attested by his signature or that of the treasurer

(d) Keeping a register of the names and post-office addresses of all members

(e) Signing with the president, certificates of membership, the issue of which shall have been authorized by the board or the members

(f) Keeping on file at all times a complete copy of the certificate of incorporation and bylaws of the co-op containing all amendments thereto (which copy shall always be open to the inspection of any member) and, at the expense of the co-op, forwarding a copy of the bylaws and of all amendments thereto to each member

(g) In general, performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the board.

SEC. 10.—*Treasurer.* The treasurer shall—

(a) Have charge and custody of and be responsible for all funds and securities of the co-op

(b) Be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the co-op and for the deposit of all such moneys in the name of the co-op in such bank or banks as shall be selected in accordance with the provisions of these bylaws

(c) In general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the board; and

(d) Be responsible for keeping the financial records of the co-op.

ARTICLE XII.—*Financial Transactions*

SECTION 1.—*Contracts.* Except as otherwise provided in these bylaws, the board may authorize any officer or officers, agent, or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the co-op, and such authority may be general or confined to specific instances.

SEC. 2.—*Loans.* The co-op may accept loans from its members or from nonmembers when in the judgment of the board this is to the best interest of the co-op; provided, however, that any loans designed to finance new types of business must first be authorized by vote of the membership. Notes or other evidences of indebtedness shall be given by the co-op for such loans. Interest on loans shall be at a rate fixed by the board, not in excess of 6 percent per annum, and may be cumulative.

SEC. 3.—*Signing of checks, etc.* All checks, drafts, or other orders for payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the co-op shall be signed by such officer or officers, agent or agents, employee or employees of the co-op and in such manner as shall from time to time be determined by resolution of the board.

SEC. 4.—*Deposits.* All funds of the co-op shall be deposited from time to time to the credit of the co-op in such bank or banks as the board may designate.

SEC. 5.—*Fiscal year.* The fiscal year of the co-op shall begin on the first day of October of each year and shall end on the thirtieth day of September of the next year.

ARTICLE XIII.—*Miscellaneous*

SECTION 1.—*Membership in other organizations.* The co-op shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the co-op may, upon the authorization of the board, purchase stock in or become a member of any corporation organized on a cooperative or nonprofit basis for the specific purpose of furthering the consumer cooperative movement.

SEC. 2.—*Rules and regulations.* The board shall have power to make and adopt such rules and regulations, not inconsistent with law, the certificate of incorporation, or these bylaws, as it may deem advisable for the management of the business and affairs of the co-op.

SEC. 3.—*Seal.* The corporate seal of the co-op shall be in the form of a circle and shall have inscribed thereon the name of the co-op, the year of its organization, and the words, "Corporate Seal,"

SEC. 4.—*Waiver of notice.* No notice of the time, place, or purpose of any meeting of members or directors, whether prescribed by statute, by the certificate of incorporation, or by these bylaws, need be given to any member who attends in person or by proxy, or to any director who attends in person, or to any member or director who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice.

SEC. 5.—*Examining committee.* An examining committee of 3 members, none of whom may be directors, shall be elected annually by the members. This committee shall examine the books, records, and accounts of the co-op at least every 3 months, shall make pertinent recommendations to the board and shall report and make recommendations to the annual meeting.

SEC. 6.—*Annual audit.* The board shall, after the close of each fiscal year, cause a full and complete audit of the books, accounts, and financial condition of the co-op to be made. Such audit shall be available for inspection by the members, and the results of the audit shall be submitted to the members at the annual meeting.

SEC. 7.—*Distribution of assets on dissolution.* Upon dissolution of the co-op, any assets remaining after payment of its debts and liabilities shall be used first, to liquidate the members' loan accounts; next, for the payment of any credit balances in the members' patronage accounts; next, for the payment of any credit balances in the members' accounts in respect of payments on the lot and dwelling units; and next, for the pro-rata redemption of the capital stock at not in excess of the par value thereof. Any assets still remaining shall be distributed among the members in proportion to their shareholding.

SEC. 8.—*Nonliability for debts of the co-op.* No member shall be liable or responsible for any debts or liabilities of the co-op, but the co-op shall have an absolute lien on the shares, loans, refunds due, or deposits of a member for any debt due the co-op by him, and any sum credited to such member may be applied toward the payment of such debt.

ARTICLE XIV.—*Amendments*

These bylaws may be altered, amended, or repealed by the members at any regular or special meeting if the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, but no provision requiring a specified number or percentage of votes may be changed by a lesser vote, nor may any change which is not proposed or indorsed by the board of directors be made by less than the affirmative vote of a majority of the members.

Membership Agreement of Co-venture Association

This agreement made by and between (hereinafter referred to as the "member") and Housing Association, a corporation duly organized and existing under and by virtue of the laws of the State of (hereinafter referred to as the "co-op")

WITNESSETH:

Whereas, the member is a stockholder in the co-op and owns, or has contracted to purchase, a home or lot in the housing community, the premises being described as follows:

Whereas, the parties hereto wish to set out their respective rights, privileges, duties, and obligations with respect to membership in the co-op and ownership and occupancy of the above premises,

Now therefore, it is mutually agreed as follows:

1. The member agrees to abide by the bylaws and the general rules and regulations adopted by the co-op for the good of the housing community and agrees to assure compliance with such bylaws, rules and regulations by all other persons residing on the above premises. The member also agrees to keep the exterior of said premises in good order and repair and to maintain the grounds in good condition. Without the written consent of the co-op, the member shall not make any change in the design or structure of the dwelling or alterations in landscaping on the premises.

2. The co-op shall provide access for the member and his family to all general community facilities on an equal basis with all other members of the co-op, except that the co-op may by general rules provide for the limitation of membership privileges of those members who have violated the bylaws or any of the rules and regulations of the co-op and persist in such violation after written notice.

3. If and when required by an affirmative vote of a majority of all the members pursuant to the bylaws of the co-op, the member agrees to purchase additional shares of stock in the co-op; but in no case shall the member be required to hold more than 500 shares of stock in the co-op. The price at which the co-op offers stock to members shall not exceed par.

4. The co-op agrees with the member that the co-op may not make any charges or assessments against the member other than—

- (a) For the purchase of additional shares of stock in the co-op as herein provided;
- (b) For such services and materials as are rendered by the co-op on a fee-for-service basis at the rates fixed for the services or materials supplied the member at his request;
- (c) For administrative, maintenance and other expenses of maintaining and operating community facilities pursuant to assessments against all members as provided in the bylaws attached hereto and made a part hereof (or any amendments thereto more favorable to the member), but not in excess of \$5 per month;

5. The member shall have a pro-rata interest in any reserve fund or funds set aside by the board of directors of the co-op from assessments for maintenance, administrative and other expenses as authorized by the bylaws. But upon termination of the member's membership, the member agrees that his rights in any such reserve funds shall be limited to a transfer of this membership agreement together with a transfer of his stock in the co-op, for a consideration which may include the value of the member's pro-rata interest in any such reserve funds, to a transferee acceptable to the co-op. The term "acceptable to the co-op" means acceptable in the first instance to the board of directors, with the right of appeal to the membership in case a proposed transferee is rejected by the board. It is expressly agreed that this membership agreement may not be assigned by the member without the consent of the co-op; and in the event the member's interest herein should be assigned or transferred by operation of law or otherwise without such consent, the rights of the assignee or transferee shall likewise be limited as herein provided.

6. This agreement shall bind the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

In witness whereof, the parties have hereunto affixed their signatures and seals this day of , 19.....

Witness:

..... [SEAL]
Member

..... [SEAL]
Joint Member

..... HOUSING ASSOCIATION

Attest:

By
President

Membership Application and Purchase Agreement of Co-venture Association

[Because these securities are believed to be exempt from registration, they have not been registered with the Securities & Exchange Commission; but such exemption, if available, does not indicate that the securities have been either approved or disapproved by the commission or that the commission has considered the accuracy or completeness of the statements in this communication.]

In consideration of the mutual agreements hereafter set out, the undersigned, hereinafter called the applicant, and Cooperative, hereinafter called the co-op, do agree as follows:

1. The applicant desires to become a member of, and stockholder in, the co-op. Applicant agrees that if he is accepted as a member he will comply with the rules of the co-op, as they may be set forth in its bylaws or as duly established by action of the board of directors, or of the members, and will at all times promote the aims and purposes of the co-op, the success of its operations, and the welfare and harmony of the cooperative housing community.

2. Applicant agrees to pay a membership fee of \$50 and submits herewith \$50 in full payment thereof. He further agrees that once he has been accepted as a member, such membership fee shall not be refunded or transferred in the event of termination of membership for any reason.

3. Applicant agrees, if he has not already done so, to apply for membership in and to purchase immediately two shares of capital stock in Housing Cooperative at the par value of \$5 per share.

4. Applicant agrees to purchase 205 shares of capital stock in the co-op at the par value of \$1 per share and submits herewith \$205 in full payment thereof.

5. Applicant desires also to purchase a lot and dwelling unit in the housing community developed and initially owned by the co-op; and if accepted for membership, he agrees to purchase the same. He agrees to pay the co-op the sum of \$800, \$300 to be paid within 5 days after the mailing of notice of acceptance for membership and \$500 to be paid within 30 days thereafter. Such sum or sums shall be credited to applicant toward payment for the lot and dwelling unit to be selected by applicant as provided in paragraph 7 hereof and owned and occupied by him.

6. Applicant agrees that his undertakings herein shall be binding upon him for 60 days after he has submitted this application and the additional information required for consideration of his application. He shall thereafter be released from such undertakings unless the co-op has accepted his application for membership and so notified him in writing.

7. If the applicant is accepted for membership, the co-op agrees that, when the land has been subdivided and the co-op has determined what type of dwelling is to be constructed on each plot, the applicant shall have the right to select his lot and dwelling unit, in accordance with his priority; and applicant agrees to make his selection at that time.

8. It is understood and agreed between the applicant and co-op that priorities in the selection of a lot and dwelling unit shall be assigned in the order of filing of the complete application at the co-op office. As between applications filed on the same day, priority shall be determined by lot. In case of a dispute as to priority, the decision of the co-op shall be final.

9. Applicant agrees, upon making his selection of a lot and dwelling unit, to enter into the co-op's standard approved form of "Membership Agreement," providing for the making of further cash payments toward the total cost of the selected lot and dwelling unit, the placing or assumption by the member of a purchase money mortgage, and the rights, privileges, duties, and obligations of both the co-op and the member with respect to membership in the co-op and the ownership, use, and occupancy of the dwelling unit.

10. Applicant further agrees, as a condition precedent to the delivery of deed to the selected lot and dwelling unit, to execute the co-op's standard approved form of "Option Agreement," which shall be recorded with the deed, giving the co-op the first option to purchase or repurchase the lot and dwelling unit upon the happening of any of the conditions therein specified and at a price determined according to the method therein provided.

11. It is further agreed between the applicant and the co-op that if, prior to the time the applicant enters into the above-mentioned "Membership Agreement," the applicant should—

- (a) Default in any of the payments herein called for
- (b) Withdraw from the co-op
- (c) In accordance with the bylaws, be expelled from the co-op or have his stock redeemed for any reason
- (d) Refuse or fail to make a selection of a lot and dwelling unit
- (e) Decline to enter into the "Membership Agreement" or
- (f) Die, except in the case of a joint member

his rights to the stock of the co-op and all other rights under this agreement shall be limited as provided in paragraph 12 hereof.

12. Prior to making selection of a lot and dwelling unit and entering into the "Membership Agreement," the applicant or his legal representative may, if he so elects, assign his stock and this agreement to an assignee acceptable to the co-op, provided the consideration therefor does not exceed the total amount paid by applicant under this agreement (including amounts paid for capital stock but excluding membership fee of \$50). An assignee accepted by the co-op shall be entitled to full credit for all sums paid by the applicant under this agreement, except for the membership fee of \$50. If the applicant or his legal representative wishes to assign the stock and agreement, he must offer the same for 60 days to persons on the co-op waiting list and accept the offer of that person highest on such list, and acceptable to the co-op, who agrees to assume applicant's obligations and to pay to applicant the amount paid by applicant under this agreement, other than the \$50 membership fee. If no person on the list who is acceptable to the co-op accepts the offer within such 60 days, applicant or his legal representative may assign to any person acceptable to the co-op who agrees to assume applicant's obligations under this agreement. As used in this paragraph, "acceptable to the co-op" means acceptable in the first instance to the board of directors, with the right of appeal to the membership in case a proposed assignee is rejected by the board. An assignee shall not, however, be entitled to applicant's priority in selection of a lot and dwelling unit. Upon a transfer of applicant's stock voluntarily or by operation of law, the co-op shall have the option of repurchasing the same at the par value thereof within 30 days' notice of the transfer.

13. The applicant further agrees to complete and submit with this application the additional information requested by the co-op.

.....
Signature of Applicant

.....
Signature of Joint Applicant

.....
Address

Dated.....

Witness:

.....
Accepted, this day of

..... HOUSING ASSOCIATION

....., 19 ..

By

[SEAL]

.....
Title

Attest:

.....
Secretary

NOTE: This application is not complete and cannot be considered unless accompanied by a remittance of \$255, to cover the membership fee of \$50 and the cost of 205 shares of stock of Housing Association, and unless applicant is a member of or has applied for membership in Housing Cooperative as specified in Section 3 above. If this application is rejected, the \$255 will be refunded to the applicant.

This Membership Application and Purchase Agreement is offered in connection with the distribution of not to exceed 450 units of 205 shares each of stock of the co-op, at the par value of \$1 per share. No underwriting discounts or commissions are to be paid in connection with this distribution, the sole expenses being those for printing, clerical help, and postage, which it is estimated will not exceed \$1 per unit. The net proceeds of this issue will be used for development of a cooperative housing project in County,, and to pay administrative and promotional expenses.

The Housing Association stock is part of a distribution of not to exceed 2,000 shares to be sold at the par value of \$5 per share. The offering at the present time is not to exceed 900 shares to be sold in units of two shares at the par value of \$5 per share. No underwriting discounts or commissions are to be paid in connection with this distribution, the sole expenses being those for printing, clerical help, and postage, which it is estimated will not exceed 50 cents per share. The net proceeds of the issue will be used to pay administrative expenses and finance general educational work on cooperative housing, and also to advance initial and promotional development expenses for particular housing projects until such time as such advances are reimbursed by the cooperative or other organization formed to build and operate the particular housing project.

Realty Sale and Building Contract of Co-venture Association

This contract, made by and between (hereinafter referred to, jointly and severally, as "Purchaser") and Housing Association, a corporation duly organized and existing under and by virtue of the laws of the State of (hereinafter referred to as "co-op"),

WITNESSETH:

Whereas, Purchaser is a stockholder and member of the co-op and is desirous of purchasing and occupying a lot and dwelling unit in the housing community;

Now, therefore, in consideration of the mutual promises hereinafter stated and of good and valuable considerations, it is mutually agreed as follows:

1. Purchaser agrees to buy and the co-op agrees to sell the following described premises:

2. The price which the purchaser shall pay for the above premises shall be dollars (\$.....), payable as follows:

3. Title is to be good of record and in fact, subject, however, to covenants, conditions, and restrictions of record. Settlement shall be made within 30 days after the date hereof, or as soon thereafter as a report on the title can be secured if promptly ordered. Deposit with the title company searching the title of purchase money, deed of conveyance for execution, tax certificate, and such other papers as are required of either party by the terms of this contract shall be considered good and sufficient tender of performance of the terms hereof. The co-op agrees to execute the usual special warranty deed. Taxes, water, rent, special assessments, annual benefit charges, and similar items shall be apportioned and adjusted to the date of transfer and assumed thereafter by the purchaser. Examination of title, tax certificate, conveyancing, notary fees, and all recording charges, including those for purchase money trusts, if any, are to be at the cost of purchaser. Title to the premises is to be conveyed in the name of (s) of

4. As a condition precedent to delivery of the deed, purchaser shall execute the co-op's standard approved form of "Option Agreement," which shall be recorded with the deed giving the co-op the first option to purchase or repurchase the premises in the event of the purchaser's desire to sell.

5. The co-op further agrees with the purchaser to arrange for the construction, on the above-described premises, of house-type number as shown on plans dated on file in the office of the co-op, and accompanying specifications, with the following options or alternates as shown on said plans and specifications:

subject to such changes and options as may be mutually agreed upon by the member and the co-op, and subject further to such changes in, or substitutions of, materials as conditions of supply and availability may, in the judgment of the co-op, make desirable or necessary. The co-op shall provide and arrange for the supplying of all the materials and the performance of all the work mentioned in the said plans and specifications, for obtaining all necessary permits from proper authorities and compliance with building and other regulations of such authorities, and for keeping the building, at all times during the progress of the work and in the course of erection, insured to the full value thereof from loss or damage by fire, lightning, storm, or other casualty.

6. The price to be paid by the purchaser for the above dwelling house shall be dollars (\$.....), which price is subject to such increases as may result from application of escalator clauses as set forth in the contract between the co-op and builder and additional cost of rock excavation, if any is required, on the premises and for the fee or commission, if any, charged for obtaining a construction loan; and subject to decreases resulting from savings in the construction of the group of houses contracted for, of which this is one, to be apportioned between the co-op and the builder as provided in the construction contract, which increases or decreases shall be equitably apportioned by the board of directors among the members purchasing such group of houses. This price shall be payable as follows:

7. Prior to conveyance of the land to the purchaser as provided in paragraph 3 hereof, this contract shall not be assignable by the purchaser without the consent of the co-op. Purchaser agrees that if he should desire to assign this contract or withdraw from the co-op his rights hereunder shall be limited as follows:

"In such event, this contract may be assigned together with the purchaser's Membership Agreement with the co-op and his stock in the co-op, provided the consideration therefor does not exceed the amounts paid by the purchaser toward the purchase price of the above premises plus the amount paid by him for his stock in the co-op, plus his share of any accrued patronage rebates, and plus his pro-rata interest in any reserve fund or funds set up by the co-op out of assessments for administrative and maintenance expenses pursuant to the bylaws. Purchaser (or his legal representative in the case of his death) shall first offer, for a period of 60 days, to assign this contract, his stock in the co-op, and said Membership Agreement, to persons on the co-op's waiting list and accept the offer of that person highest on such list, acceptable to the co-op who agrees to pay purchaser the above-stated consideration and assume purchaser's obligations under this contract and his said Membership Agreement. If no such person accepts the offer within said 60 days, then this contract and said stock and Membership Agreement may be assigned to any other person who is acceptable to the co-op and who agrees to pay the above-stated consideration and assume said obligations. As used herein, the term "acceptable to the co-op" means acceptable in the first instance to the board of directors of the co-op, with the right of appeal to the membership of the co-op in case a proposed assignee or transferee is rejected by the board. It is further agreed that should purchaser's interest in this contract be assigned or transferred by operation of law or otherwise (except in case of purchaser's death or incompetence), without the written approval and consent of the co-op, the rights of the assignee or transferee shall likewise be limited as herein provided."

After conveyance of title to purchaser, the assignment of this contract by purchaser shall be governed by the terms of the Option Agreement to be executed by the purchaser as provided in paragraph 4 hereof.

8. This contract shall bind the parties hereto and their respective heirs, executors, administrators, and assigns.

In witness whereof, the parties have hereunto affixed their signatures and seals this.....day of 19

Witnesses:

..... [SEAL] Purchaser

..... [SEAL] Purchaser

Attest: HOUSING ASSOCIATION

By President

Option Agreement of Co-venture Association

This agreement, made by and between Housing Association (hereinafter referred to as the "co-op") and (hereinafter referred to, jointly and severally, as the "member")

WITNESSETH:

In consideration of the sum of \$1 paid by the co-op to the member, receipt of which is hereby acknowledged, and of the conveyance to the member, by deed this day delivered, of the following described premises:

and of other good and valuable consideration,

Now, therefore, the parties hereto do mutually agree as follows:

1. The member hereby gives and grants unto the co-op, its successors, and assigns, the first right and option to purchase or repurchase the aforesaid premises in the event of the member's desire to sell, and said option shall be exercisable by the co-op or by any person nominated or designated by it.

2. In such event, the member agrees to give notice in writing to the co-op of the member's offer to sell, and such notice shall state the price the member shall be willing to accept for the premises and the terms of the sale (cash down payment, date of closing, etc.). The co-op shall have a period of 30 days after receipt of said notice within which to exercise its option to purchase the premises or to produce a purchaser ready, willing, and able to accept the price and terms specified in the notice. If during or subsequent to such 30-day period the member shall elect to offer the property at a different price or on different terms, the co-op shall be so notified; and it shall have a further option period of 7 days from the receipt of such notice within which to purchase or produce a purchaser at the price and terms specified in said notice. The co-op shall have a similar 7-day option each time there shall be a change in the price or terms of the offer; provided, however, that no such change in price or terms shall limit or reduce the period of 30 days during which the co-op shall have the first refusal of the premises at a price and terms no less favorable to the co-op than those stated in the first notice. If none of these options shall be timely exercised, the premises shall be freely transferable; provided, however, that if the member should be unsuccessful in effecting a sale of said premises within 1 year after the expiration of the first of the aforesaid options then the member shall be obliged to repeat the above procedure before attempting to sell the premises to one other than the co-op or a purchaser obtained by it, and in such event the co-op shall have like options as aforesaid. For the purpose of giving rise to a 7-day option, a change in terms of the offer shall refer to a change only in any of the following:

- (a) Deposit required on signing contract of sale
(b) The down payment required
(c) The amortization or interest rate applicable to the balance of the payment
(d) The period between contract of sale and closing
(e) The furniture and equipment covered by the price.

3. In the event that the member should transfer the above premises without first offering said premises to the co-op, it is expressly agreed that the rights of the co-op hereunder shall be specifically enforceable against the transferee at the price which such transferee shall have paid for the premises. It is likewise agreed that if the member, after having offered such premises to the co-op, should transfer said premises in violation of this agreement while any of the co-op's options as herein provided is outstanding, then the rights of the co-op hereunder shall be specifically enforceable against the transferee at the option price and terms or at the price by such transferee if that be lower than the option price. In either of the above two events, the co-op's rights may be enforced by action commenced within 90 days after the co-op shall have received actual notice of the transfer. It is further agreed, however, that the rights herein conferred upon the co-op are hereby subordinated to the rights of the mortgagee under any mortgage with respect to the aforesaid premises which is insured by the Federal Housing Administration; and in the event that the mortgagee shall foreclose and take possession of the premises or otherwise acquire title thereto upon default in the mortgage, or upon the occurrence of a valid foreclosure sale, all rights of the co-op under this Option Agreement shall thereupon cease and be of no effect. The rights herein conferred upon the co-op are also hereby subordinated to the rights of the holder of the indebtedness secured by any mortgage or deed of trust with respect to the aforesaid premises, and, if the indebtedness secured by any mortgage or deed of trust be held, or guaranteed or insured (in whole or in part, in any event) by the Administrator of Veterans Affairs, to the rights of such Administrator; and (a) in the event that such mortgage or deed of trust shall be foreclosed, the purchaser shall take title free of the rights of the co-op under this Option Agreement, or (b) in the event that such holder or such Administrator otherwise acquires title to said premises upon default in said mortgage or deed of trust, then all rights of the co-op under this Option Agreement shall thereupon cease and be of no effect.

In witness whereof the co-op has caused this agreement to be executed and its seal affixed by its duly authorized officers and the member has hereunto affixed his hand and seal this day of, 19... .

Attest: HOUSING ASSOCIATION
 By.....
 [SEAL]
 Member
 [SEAL]
 Member

Acknowledgment

} ss.

On this day of, 19... , before me appeared, of Housing Association, a corporation, to me known (or satisfactorily proven) to be the person who executed the foregoing instrument on behalf of said corporation and acknowledged to me that said instrument is the free act and deed of said corporation for the purposes therein contained.

In witness whereof I hereunto set my hand and seal.

.....
 Notary Public.

Acknowledgment

} ss.

On this day of, 19... , before me appeared, to me known (or satisfactorily proven) to be the person(s) whose name(s) is (are) subscribed to the foregoing instrument and acknowledged to me that he(he, she, they) executed the same as his,(her, their) free act and deed, and for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

.....
 Notary Public.

Mutuals

Articles of Association of Mutual Association

The undersigned incorporators associate themselves in a mutual ownership nonprofit corporation, under the Cooperative Association Act, Title 29, Chapter 8, of the Code of Laws of for the following purposes and objects:

Purposes of Association

(a) The Cooperative Housing Association is formed to acquire, own, hold, build, manage, operate, sell, lease, pledge, mortgage, or otherwise dispose of housing of all kinds and appurtenant facilities for the mutual benefit of its members, who shall be veterans who served honorably in the military or naval forces of the United States on or after September 16, 1940, and before the officially declared termination of World War II, including those presently so serving, their families and their successors, as may be provided by the bylaws of the association.

(b) To provide on a nonprofit basis, such community and other facilities, services or benefits as may be necessary or convenient for the welfare of its members and the usefulness of said association.

Name of Association

The name of the association shall be "..... Cooperative Housing Association."

Term of Existence

The period during which it is to continue as an association is not limited and the association shall have perpetual existence.

Address

The association may operate in or elsewhere. The location and address of the principal office of the association shall be

Incorporators

The names and addresses of the incorporators of this association are:

.....
.....
.....
.....
.....

Directors

The association shall have not less than 5 nor more than 9 directors, as may be established by the bylaws of the association. The names and addresses of the directors who shall manage the affairs of the association for the first year, unless sooner changed by the members, are:

.....
.....
.....
.....
.....

Membership

The association is organized without share capital and shall consist of not more than 5,000 members. Membership may be of one or more classes, depending upon the equity interest of the member, but each member shall have one vote and only one vote in the management of the affairs of the association and no person may acquire an interest in the capital of the association other than a duly accepted member. The association may provide for advisory members not to exceed 10 in number with such rights, duties and powers as may be provided by the

bylaws of the association. The maximum amount of percentage of capital which may be owned or controlled by any member shall be a single membership interest, regardless of the amount thereof or of its classification, and no person shall control, directly or indirectly, any interest in more than one living quarter owned by the association. The joint ownership of a membership interest by a husband and wife, with right to survivorship shall be permissible but otherwise membership interest must be owned and controlled by an individual natural person.

Limitation on Membership

Membership shall be limited to persons who occupy or intend to occupy living quarters owned by the association, except that provisions may be made in the bylaws for the temporary holding of a membership interest by a member, his heirs or assigns, without occupancy, following voluntary or involuntary termination of occupancy of living quarters by the member who owns the membership interest. Except as a result of the operation of this proviso, all members shall be veterans as hereinbefore provided.

Dissolution

The association may be dissolved under the method provided by Title 29, Chapter 8, Section 29-836 of the Code of Laws of the In the event of dissolution, the assets of the association shall be distributed in the following manner and order: (1) By paying the debts and expenses of the association; (2) by returning to the members the book value of membership interest, the amount paid on their subscriptions to membership and any lawful distribution of interest upon capital contributions or loans to the association, by returning to members in proportion to their payments and their class of membership their savings returns accumulated during the 6 years immediately prior to dissolution; and any surplus remaining thereafter shall be contributed as a gift to the for the benefit of veterans of World War II, without regard to discrimination by reason of class, race, religion, or color.

Other Provisions

This association shall not engage in any activity for the purpose of obtaining profit or pecuniary gain for members or individuals. No capital stock shall be issued and no dividends shall be paid to any member, but nothing herein shall be construed to prevent the repayment of money loaned or advanced by a member under such conditions as the corporation and such member may determine and agree upon and as are consistent with the Cooperative Association Act.

The association may amend these articles in the manner provided by the law under which it is incorporated, provided that such amendment or amendments would have been authorized by said law as original articles and shall not violate the terms, covenants, or conditions of any trust created or any agreement entered into by the association.

The association shall not directly or indirectly use any of its funds, nor issue shares, nor grant any membership interest, nor incur any indebtedness for the payment of any compensation for the organization of the association, except necessary legal fees.

Executed in this day of

.....
.....
.....

Bylaws of Mutual Association

ARTICLE 1.—Name and Location

The name of this association is Cooperative Housing Association. It is a nonprofit association without capital stock or shares, established pursuant to and under the Cooperative Association Act, Title 29, Chapter 8, of the Code of Laws of

ARTICLE 2.—Purposes

As set forth in its Articles of Incorporation, this association is not organized for pecuniary gain but for the following purposes:

“(a) The Cooperative Housing Association is formed to acquire, own, hold, build, manage, operate, sell, lease, pledge, mortgage, or otherwise dispose of housing of all kinds and appurtenant facilities for the mutual benefit of its members.

“(b) To provide on a nonprofit basis, such community and other facilities, services or benefits as may be necessary or convenient for the welfare of its members and the usefulness of said association.”

(c) In pursuance of said purposes the association shall enter into an appropriate agreement with the Federal Government for the acquisition of Housing Project located in (hereinafter called the “project”) as its initial acquisition.

ARTICLE 3.—*Directors and Officers*

SECTION 1. The affairs of the association shall be managed by a board of directors composed of 9 persons. Except as to the first board, whose members are designated in the Articles of Association or are elected by those so designated and who shall serve until the first annual meeting of the members or until their successors are elected and shall qualify, directors shall be elected by members at the regular annual meeting and hold office until his or her successor is elected and shall qualify, subject to the provisions of these bylaws.

SEC. 2. At the first annual meeting of the members, 3 directors shall be elected for a term of 3 years, 3 directors for a term of 2 years, and 3 directors for a term of 1 year. Thereafter, at each annual meeting, 3 directors shall be elected for a term of 3 years. No compensation, remuneration, or payment of any kind, or in any form, shall be paid to any director for his services as such, providing, however, that directors may be reimbursed for actual expenses incurred in behalf or for the benefit of the association.

SEC. 3. During the first 4 years following the conveyance of the project not less than 2 members of the board of directors shall be public members chosen from persons other than members, approved applicants for membership, or residents in the project. Thereafter and for any continuing period during which the Federal Government retains a financial interest in the project, 1 member of the board shall be a public member.

SEC. 4. The procedure for nominations of persons as candidates for election as directors shall be governed by the following provisions:

1. Three members appointed by the board of directors shall constitute the committee on nominations. No officer or member of the board of directors shall be appointed a member of such committee. The committee shall prepare and the secretary of the association shall post at the office of the resident manager and in at least two other prominent places on the housing project at least 30 days before the annual meeting of the members a list of nominations for directors to be elected thereat by the members of the association.

2. The secretary shall mail to each member of the association with the notice of the annual meeting (which notice shall set forth the time and place thereof) a statement of the number of directors to be elected and a list of those nominated.

3. Compliance with the foregoing procedure shall not be mandatory for the election of a director to fill a vacancy, as hereinafter provided.

SEC. 5. Any director or other officer of the association may resign at any time. This resignation shall be made in writing, and shall take effect at the time specified therein and, if no time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective.

SEC. 6. The officers of the association shall consist of a president, who shall serve as chairman of the board of directors, a vice president, who shall serve in the absence of the president, both of whom shall be members of the board of directors, and a secretary and treasurer. The first board of directors shall elect the aforesaid officers at its first meeting, and thereafter the board of directors shall elect the aforesaid officers after its first meeting, which should be held within 5 days after each annual meeting of the members. Said officers shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members of the association or until their successors shall have been elected and shall qualify.

SEC. 7. A vacancy in the board of directors, or in any of said offices, occurs upon the death, resignation, completion of term, upon a public member of the board becoming a member of the association or an approved applicant for such membership, or upon a nonpublic member of the board ceasing to be a member of the association, removal from office or absence from three successive meetings of the board of directors of a director or officer determined by the board to be without due justification. When a vacancy occurs in the board of directors, except by reason of removal of a director, before the expiration of his or her term, the vacancy shall be filled by the remaining members of the board at the next succeeding meeting of the board by electing a person who shall serve until the next annual meeting of the members, at which meeting the members shall elect a person to serve as director to complete the then remaining portion of the unexpired term. When a vacancy occurs in the office of an officer of the association for any cause before said officer's term has expired, the vacancy shall be filled by the board of directors at its next succeeding meeting by electing a person to serve for the remainder of the unexpired term or until his successor has been elected by the board of directors and shall qualify.

SEC. 8. A majority of the members of the association present at any regular or special meeting duly called may remove any director or officer for cause affecting the ability or fitness of the director or officer to perform his duties upon specific written complaint previously filed with the secretary of the association, signed by the member or director making the complaint, accompanied by a petition signed by at least 100 members requesting the consideration of said complaint by the membership. Within 5 days of receipt of said complaint and petition, the secretary of the association shall give 10 days' notice in writing of the time, place, and object of such meeting to the members and to the director or officer against whom the complaint is made, said notice to be accompanied by a copy of the complaint. Such director or officer shall be given an opportunity at said meeting to be heard in person or through counsel and to produce witnesses in regard to the complaint. If a director be removed under the provisions of this section, the members shall at the same meeting or at an adjourned meeting elect a person to fill the vacancy thus created for the remainder of the unexpired term. If an officer be removed under the provisions of this section, the board of directors shall appoint another to fill the vacancy thus created for the remainder of the unexpired term as provided in section 7 of this article.

ARTICLE 4.—*Powers and Duties of the Board of Directors*

SECTION 1. The board of directors in its corporate capacity shall exercise all the powers of the association and make necessary rules and regulations not inconsistent with the law, the Articles of Incorporation, or these bylaws; and no director in his individual capacity shall attempt to deal with members of the association, employees, or others in behalf of the association unless authorized to do so by the board of directors.

SEC. 2. The board of directors may appoint, discharge, and fix the duties and salaries of officers and of the manager and of such employees, attorneys, and agents as it may deem necessary to carry on the business of the association. Such appointees need not be members of the association.

SEC. 3. The board of directors, by an affirmative vote of the majority of the whole board, may elect from their membership an executive committee of three or more and may appoint one of the members of said committee as chairman thereof, said committee members to hold said office until the next annual meeting of the members of the association or until their successors are elected, with authority to exercise the powers delegated to it by the board in its behalf during the intervals between the meetings of the board, at each of which meetings said committee shall report any and all intervening action taken by it. The board of directors shall also appoint a committee on membership, the chairman of which shall be a member of the board of directors, and such other committees, from their own members or from members of the association, as are deemed desirable, which have not been chosen by the members at regular or special meetings of the association.

SEC. 4. The board of directors shall meet at least monthly at a regular time as decided by the board of directors. Special meetings of the board of directors shall be held upon the call of the president or vice president or upon the written request of the majority of the members of the board of directors to the president. Notice of regular or special meetings shall be in writing and be mailed or otherwise delivered to each director by the secretary at least 3 days and not more than 10 days before the meeting. Notice of every special meeting shall state the object of such meeting, and no business other than that specified in such notice shall be transacted.

SEC. 5. The board of directors shall select one or more banks to act as depositories of the funds of the association and determine the manner of receiving, depositing, and disbursing the funds of the association and the form of checks and the person or persons by whom the same shall be signed when not signed by the treasurer, as provided herein. In every case the bank or banks selected shall be a member of the Corporation or the successor thereof.

SEC. 6. The board of directors shall require the treasurer, manager, and every individual acting as officer or employee of the association and handling association funds and securities amounting to \$1,000 or more, in any one year, to be covered by adequate bonds as determined by the board, and to be furnished by responsible bonding companies as approved by the board, at the expense of the association. The board may also require the bonding of other employees and officers.

ARTICLE 5.—*Membership and Rights Thereunder*

SEC. 1. Membership shall be open to any veteran who served honorably in the military or naval forces of the United States on or after September 16, 1940, and before the officially declared termination of World War II, including those presently so serving, their families and successors, and as defined in the Mutual Ownership Contract.

SEC. 2. An option to become a member shall also be extended to any tenant occupying an apartment at on the date the contract of purchase is signed, as a member with full rights to purchase the perpetual use and enjoyment of the dwelling unit occupied by such tenant on the same terms, subject to the same conditions and with the same privileges, required of and extended to other members of the association, which option

shall extend and remain open for a period of 90 days from date of mailing of notice to such tenant, notifying such tenant of the terms of membership.

SEC. 3. Except at the discretion of the board of directors, membership shall be limited to persons who occupy or intend to occupy living quarters owned by the association except that for a period not to exceed 6 months, a temporary holding of a membership interest by a member, his heirs or assigns, without occupancy, following voluntary or involuntary termination of occupancy of living quarters by the member, will be permitted.

SEC. 4. The joint ownership of a membership interest by husband and wife with right to survivorship shall be permissible, otherwise membership interest must be owned and controlled by an individual natural person.

SEC. 5. The membership committee shall consider the moral character and the financial ability of all applicants for membership and shall approve such applicants and notify the board of directors of such approval. The board of directors may then extend a membership to the applicant.

SEC. 6. Each applicant for membership in this association, as a condition of membership, shall: (1) supply for the information of the board such data as it shall deem essential; (2) be recommended for membership by the committee on membership and approved by the board; and (3) agree in writing to abide by the bylaws and all rules and regulations of the association, and (4) pay such membership fee as the board of directors may from time to time provide. One whose application for membership has been disapproved by the committee on membership may appeal in writing to the board of directors.

SEC. 7. The certificate fee for members shall be \$1 and no certificate of membership shall be issued until such fee has been paid. Each certificate of membership in the association shall be numbered in order and shall be entered in the membership book of the association as it is issued. Each certificate of membership shall exhibit the member's name, recite his membership in the association, contain a statement of the requirements of section 6, article 8 hereof, have plainly printed on the face thereof the word "Nontransferable," and be signed by the president of the association and bear the seal of the association attested by its secretary.

SEC. 8. Certificates of membership are not transferable. One who becomes eligible to membership by succeeding to the rights of a member of this association and who becomes a member of the association shall be issued a new certificate of membership.

SEC. 9. Membership in the association shall cease upon termination of the Mutual Ownership Contract.

SEC. 10. The board of directors may at any time make a formal complaint against an occupant member of the association if the board is of the opinion that such member has violated any of the provisions of these bylaws, or that he has been guilty of conduct detrimental to the association, or that he is for any reason undesirable as a resident. After service upon him of a copy of the complaint and a hearing given him by the board upon his written request for such hearing filed with the secretary of the association, his membership, Mutual Ownership Contract, and any other contract with the association may be terminated by the affirmative vote of 6 of the members of the board, whereupon the member's rights and obligations shall be as provided for in such event in such contracts.

SEC. 11. The termination or forfeiture of membership hereunder shall automatically revoke the Certificate of Membership of the member affected thereby and such revocation shall be so recorded in the membership book of the association. Upon termination or forfeiture of membership, the former member shall surrender his Certificate of Membership to the association. Thereafter, as and when provided in his Mutual Ownership Contract or other contracts with the association, the board of directors shall pay to the outgoing member such sums as he may be entitled to thereunder.

ARTICLE 6.—*Duties of Officers*

SECTION 1. The president shall—

- (1) Act as presiding officer at all meetings of the association and of the board of directors
- (2) Call special meetings of the board of directors, and of members of the association
- (3) Sign, with the treasurer, all checks, contracts, promissory notes, deeds, and other instruments on behalf of the association, except those which the board of directors specifies may be signed by other persons
- (4) Perform all acts and duties usually required of an executive to insure that all orders and resolutions of the board are carried into effect, and he shall be ex-officio a member of all standing committees.

SEC. 2. The vice president shall—

- (1) Act as presiding officer at all meetings of the association and of the board of directors when the president is absent
- (2) In the absence of the president, perform all other acts or duties ordinarily required of the president
- (3) And such other duties as directed by the board of directors.

SEC. 3. Should the president and the vice president be absent from any meeting, the directors shall select from their number a person to act as chairman of the meeting.

SEC. 4. The secretary shall—

- (1) Attend all (regular or special) meetings of the members of the association and of the board of directors and keep all records and minutes of proceedings thereof or cause the same to be done
- (2) Have the custody of the corporate seal which shall be affixed to such instruments as may require it and thereupon shall be attested by his signature or by the signature of the treasurer
- (3) Attend to all correspondence on behalf of the board, issue notice of meetings, and prepare the regular quarterly statements of the affairs of the association
- (4) Keep the membership book and receive all applications for admission to membership and present such applications to the board at its next regular meeting
- (5) Pursue such other duties as the board of directors may determine and on all occasions, in the execution of his duties, act under the superintendence, control and direction of said board
- (6) Have custody of the minute books of the meetings of directors and members, which minute books shall at all times be available for the information of directors.

SEC. 5. The treasurer shall—

- (1) Attend all meetings of the association and the board of directors
- (2) Receive such sums of money as may be paid into his hands for the account of the association and disburse funds as may be ordered by the board, taking proper vouchers for such disbursements, and be custodian of all securities, contracts, leases and other important documents pertaining to the business of the association which he shall keep safely deposited in a fireproof safe or vault
- (3) Supervise the keeping of accounts of all the financial transactions of the association in books belonging to the association and deliver such books to his successor. He shall prepare and distribute to all the members of the board at least 10 days before each annual meeting of the members and whenever else required, a summary of the financial transactions and conditions of the association for the preceding year. He shall make a full and accurate report on matters and business pertaining to his office to the members at the annual meeting and make all reports required by law
- (4) Deposit all funds of the association in the name and to the credit of the association, in such depositories as shall be designated by the board of directors
- (5) Sign as treasurer all checks, and, with the president, sign all contracts, promissory notes, deeds, and other instruments on behalf of the association, except those which the board of directors specifies may be signed by other persons
- (6) Furnish the association with indemnity bond against loss for such amount as may be determined by the board of directors, at the expense of the association
- (7) Perform such other duties as may be required of him by the association or the board of directors.

ARTICLE 7.—*Duties of Manager*

SECTION 1. The duties of the manager shall be—

- (1) To manage and conduct the business of the association in accordance with the general policies and authorizations of the board of directors
- (2) To engage and discharge the employees of the association subordinate to him in accordance with authority given by the board of directors
- (3) To cause accurate books to be kept of the business of the association and to submit the same, together with all files and records and inventories, and other information pertaining thereto, for inspection at any time by the board of directors or by auditors appointed by the board, certified public accountants appointed by the board, auditing committees of the association or any duly authorized representative of the Federal Government
- (4) To disburse the funds of the association in payment of its debts in accordance with budgets approved by the board of directors and upon authorization by the board, taking proper vouchers for such disbursements
- (5) To give aid, advice, and recommendations to the board of directors in preparation of budgets or other estimates of expenditures and to furnish to the board a monthly statement in writing of the condition of the association's business and submit a report of the management at the regular meetings of the members
- (6) To forthwith turn over to the treasurer of the association for deposit by him in the corporate bank account, any and all sums of money received by him for or on behalf of the association
- (7) To assist the board of directors and attend to such other duties and offices as the board of directors may require.

ARTICLE 8.—Meetings of Members

SECTION 1. The regular annual meeting of the members shall be held on the last Wednesday in September at such time and place as designated by the board of directors, at which time, in addition to transacting the general business of the association, directors and members of standing and special committees shall be elected and reports given upon all matters affecting the association. Nothing herein shall be construed to prevent the election by the members of other committees at other regular or special meetings of the members.

SEC. 2. Special meetings of the members shall be called by the president whenever he shall deem it necessary or as directed by resolution of the board of directors or within 5 days of receipt by him of a petition signed by at least 10 percent of the members addressed to the president and mailed or otherwise delivered to him.

SEC. 3. Notice of regular and special meetings shall be in writing and be mailed or otherwise caused to be delivered by the secretary at least 3 days and not more than 10 days before the meeting. Notice of every special meeting shall state the object of such meeting, and no business other than that specified in said notice shall be transacted thereat. Whenever any notice is required by these bylaws to be given, personal notice is not meant unless otherwise so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in a post-office box addressed to the person entitled thereto at his last known post-office address, and such notice shall be deemed to have been given on the day of such mailing.

SEC. 4. The presence of at least 20 percent of the members shall constitute a quorum for the transaction of business at any meeting of the association. If less than a quorum shall be in attendance at any time for which a meeting shall have been called, such meeting may, after the lapse of at least one-half hour, be adjourned from time to time by a majority of members present. If notice of such adjourned meeting is sent to the members, such notice containing a statement of the purpose of the meeting and also that the previous meeting failed for lack of a quorum, and that it is proposed to hold the adjourned meeting with a quorum of those present, then any number of members shall constitute a quorum at such meeting.

SEC. 5. The order of business at all meetings of the members and of the board of directors shall be as follows:

- (1) Roll call
- (2) Proof of due notice of meeting
- (3) Reading of the minutes of the previous meeting and action thereon
- (4) Reports of officers and trustees
- (5) Report of committees
- (6) Unfinished business
- (7) New business
- (8) Adjournment

The parliamentary procedure for conduct of all meetings shall be governed by Robert's Rules of Order (Revised).

SEC. 6. Every member is entitled to 1 vote only upon all questions coming before any and all meetings of the association. Each vote must be cast in person, and there shall be no voting by proxy or by mail. *Provided, however,* if a member is absent from the housing project and is therefore unable to cast his vote in person, his or her spouse shall be entitled to cast the vote of the absent member, upon presentation of evidence of said absence which is satisfactory to the presiding officer.

SEC. 7. Voting (except in the election of directors, which shall be by secret ballot) shall be *viva voce* (by the voice) or by show of hands, unless the chairman calls for a rising vote, a roll-call vote, or a secret ballot.

ARTICLE 9.—Nonprofit Requirements

SECTION 1. Dwelling unit and other services and necessities shall be made available to the members of the association at no profit to the association. The charges therefore as determined by the board of directors shall be only sufficient to enable the association to meet its property-purchase amortization payments to the Government, pay fixed and operating expenses and build up a general reserve for contingencies and special reserves to take care of maintenance and repair, vacancies, and the repurchase of equities from withdrawing members under their Mutual Ownership Contracts with the association.

SEC. 2. Upon a member's withdrawing from membership in the association and leaving the community for employment elsewhere or for other valid reasons or causes, said member may sell and transfer his or her net equity, if any, and occupancy rights to the association or to another under the terms of his Mutual Ownership Contract with the association, subject to the limitations that a purchaser and transferee other than the association shall first be approved by the association to take said member's place in the dwelling unit vacated.

ARTICLE 10.—*Auditing*

SECTION 1. A committee of 3 persons shall be chosen from among the members of the association by the board of directors to serve as an auditing committee until the first annual meeting of the members of the association. Thereafter said committee shall be elected by the members of the association at their regular annual meeting. Vacancies in said committee shall be filled from among the members who are not directors of the association by the members at the next regular meeting of members following the occurrence of the vacancy, or at a prior special meeting called for that purpose. It shall be the duty of the auditing committee to make an audit of the books of the association twice annually, giving a written report thereof to the members.

SEC. 2. The board of directors shall employ a certified public accountant who is not a member of the association to audit the books of the association before each annual meeting of the association. A copy of said accountant's report of his audit shall accompany each notice of the annual meeting. Said report shall also be read to the members at their annual meeting. *Provided, however,* That in lieu of incurring the expense of said audit, the board of directors may accept and utilize audits and reports of the Federal Government.

ARTICLE 11.—*Fiscal Year*

The fiscal year of this association shall begin January 1 and end December 31.

ARTICLE 12.—*Seal*

The association seal shall be circular and shall have inscribed concentrically thereon the name of the association. Said seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or reproduced, or otherwise.

ARTICLE 13.—*Lost Certificate of Membership*

The board of directors may direct a new certificate of membership to be issued for the same cost as the original in place of any certificate theretofore issued by the association alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost and the performance of such further acts and production of such further evidence as the board may require.

ARTICLE 14.—*Copy of Certificate of Incorporation and Bylaws for Members*

The articles of incorporation and the bylaws of the association shall be printed together in a booklet form and a copy thereof shall be made available to each member of the association, kept up to date by current supplements.

ARTICLE 15.—*Amendments*

These bylaws may be amended by a two-thirds vote of the members present and voting (there being a quorum present at the time the vote is taken) at any regular or special meeting subject to the same limitations and prohibitions as to subject matter as those set forth in the provisions of the Certificate of Incorporation with reference to amending the Certificate of Incorporation. Amendments may be proposed by the board of directors or by petition signed by at least 20 percent of the members containing the exact text of the proposed amendment or amendments, filed with the secretary of the association, who shall mail or otherwise deliver notice thereof to all members not less than 3 days before amendments shall be voted upon.

Mutual Ownership Contract of Mutual Association

This Mutual Ownership Contract, entered into this, by and between the Mutual Homes Corporation, a corporation (hereinafter called the "corporation"), and a member of said corporation (hereinafter called the "member");

WITNESSETH:

That, in consideration of the terms, understandings, and mutual covenants herein contained, it is agreed as follows:

1. *Membership fee.* The corporation hereby acknowledges the payment by the member of the sum of dollars (\$.) and in consideration thereof extends all rights and privileges of membership to the member.

2. *Sale and purchase of perpetual use.* Subject to all provisions hereinafter contained in this contract and for the purchase price hereinafter set forth, the corporation hereby gives, sets over and transfers to the member, and the member hereby purchases and takes from the corporation, a right of perpetual use and enjoyment (hereinafter called the "perpetual use") of that certain dwelling located at in the city of, County of, State of

3. *Membership certificate.* The perpetual use of each particular dwelling shall be delivered by the corporation to the member in the form of a Membership Certificate, which shall be issued by the corporation to the member upon the member's agreement to comply with all the terms of this agreement, with the articles of incorporation, bylaws, and rules and regulations of the corporation.

4. *Purchase price of perpetual use.* The member hereby agrees to pay to the corporation as the purchase price for said perpetual use of that certain dwelling, as set forth in paragraph 2 above, the sum of dollars (\$), on such terms and conditions and with such interest as is hereinafter provided.

5. *Down payment.* The member agrees to pay to the corporation as the initial down payment for the perpetual use of the premises described in paragraph 2 above, the sum of dollars (\$), receipt whereof is hereby acknowledged by the corporation.

6. *Balance due on purchase price of perpetual use and monthly payments.* The member agrees to pay to the corporation dollars (\$), which is the unpaid balance of the purchase price of the perpetual use of said project, plus interest upon the said unpaid balance at the rate of 4 percent per annum.

The member agrees to make equal monthly payments of dollars (\$), payable in advance on the first day of each and every month. It being understood that the monthly payment set forth above includes the member's share of principal and interest due in accordance with the terms of that certain promissory note and deed of trust executed by and between the corporation and the Mutual Life Insurance Co., reserves, and other costs as provided for in paragraph 8 below. It is further understood that the operating charges which are included and made a part of the monthly payment as set forth above are subject to change as required by the corporation to meet said operating payments, reserves, and other charges, and may be increased or decreased from time to time as required by the corporation, thereby increasing or decreasing the monthly payment to be made by the member. It being further understood that the principal and interest payment which is included in the above monthly payment shall cease at the time the total purchase price, plus any other charges or costs assessed by the corporation, has been paid in full. However, in any event, the operating payments applicable to perpetual use purchased by the member hereunder, and as established by the corporation from time to time, shall continue for the entire term of the said perpetual use of said dwelling.

7. *Advance payments.* After 1 year from date hereof, the member shall have the right to make advance payments on the balance due on the purchase price of the perpetual use, providing said additional payments are in accord with the schedule of payments. Not more than 20 percent of the unpaid balance of the purchase price may be paid in any one year.

8. *Operating payments.* The monthly payment listed in paragraph 6 above includes an operating payment to cover the estimated cost of operating services, gas and water, real-estate taxes, reserves, and other charges established by the corporation; such payments by the member for operating charges shall be subject to change from time to time as is required by the corporation.

9. *Occupancy and subletting.* The member shall occupy the dwelling covered by this contract as a private dwelling for himself and his immediate family, and may enjoy the use, in common with all other members of the corporation, of all community property and facilities of the project, so long as he remains a member of the corporation, occupies the dwelling, and abides by all the terms of this contract, articles of incorporation, bylaws, and rules and regulations. The member may, but only with the prior written consent and approval of the corporation, sublease his dwelling during a period of temporary absence, for a period or periods, provided that in no event may the total periods exceed 6 months in any calendar year.

10. *Corporation to provide for operating services, utilities, and reserves.* The corporation shall—

- (a) Provide the necessary management and administration of the project
- (b) Pay or provide for the payment of all real property taxes and assessments levied against the project
- (c) Procure and pay, or provide for the payment of fire insurance on the project, including insurance on the members' dwellings, but not on personal property within the dwellings
- (d) Provide for any water and gas, so long as these services remain on master meters
- (e) Set up adequate reserves to cover vacancy and collection losses and future cost of replacements
- (f) Provide and pay for all necessary repairs, maintenance and replacements on the interior or exterior surfaces of community buildings and grounds in said projects
- (g) Provide and pay for the repair and maintenance of the exterior surfaces of all buildings in said project, including the painting thereof
- (h) Provide each member with a kitchen stove, a hot-water heater, and a circulating heating unit, with the express understanding that any repairs or replacements shall be made at the member's expense.

The word "dwelling" as used in this contract shall include, among other things, the items mentioned in subdivision (h) of Section 10.

11. *Obligation of members.* The members shall—

1. Comply with the terms of this contract, the articles of incorporation, bylaws, and regulations of the corporation
2. Maintain the lawns, shrubs and trees in the vicinity of their dwelling in a manner satisfactory to the corporation
3. Maintain the interior of their premises in a condition satisfactory to the corporation, assuming responsibility, among other things, for all repairs to wiring, heating and plumbing therein, as well as all interior painting and decorating
4. On leaving the project, surrender the kitchen stove, heating unit and hot-water tank to the corporation in as good a state of repair as he received them, reasonable use, wear and tear thereof excepted
5. Refrain from altering or changing the building erected on the premises or any part thereof, in any manner whatever, without first obtaining the corporation's written consent thereto
6. Permit the corporation to make periodical inspections of the premises as to their fitness and repair, and permit the corporation to make repairs that the member neglects or refuses to make in accordance with this contract, articles of incorporation, bylaws, and rules and regulations of the corporation
7. Refrain from making any contract that may create or be the foundation of any lien upon the above premises; in the event any such lien be filed, the member agrees to discharge the same within 10 days after the filing thereof, at his own expense; if not, the corporation shall have the right to discharge same in a manner appearing below
8. Agree that, in the event the member does not fulfill his obligations to the satisfaction of the corporation, the corporation may have any work or labor performed which in its judgment is necessary, or discharge any lien, and charge the cost to the member; if such a charge is not paid when it accrues, it shall be added to and become a part of the unpaid balance of the purchase price, and bear interest therewith.

12. *Corporation right to purchase.* In the event the member wishes to leave the project, or sell his perpetual use, the corporation shall have the sole right to purchase the perpetual use of the member for an amount equal to the purchase price (as set out in paragraph 4 above), less the unpaid balance of the purchase price, and less the estimated cost of maintenance, repairs, painting and decorating which are necessary to place the dwelling in suitable condition for another occupant member; or in an amount equal to the then fair market value of the perpetual use of the member, as determined by the board of directors of the corporation, less the unpaid balance of the purchase price, and less the estimated cost of maintenance, repairs, painting and decorating as outlined above, whichever is the lesser. Except that, in the event that the fair market value of the perpetual use of the member is, as determined by the board of directors, higher than an amount equal to the purchase price, less the estimated cost of maintenance, repairs, painting, and decorating which are necessary to place the dwelling in suitable condition for another occupant member, then the corporation shall pay to the member such higher amount less said unpaid balance of the purchase price, and less the estimated cost of maintenance, repairs, painting and decorating as is set forth above.

13. *Exchange of dwelling.* If the member wishes to move into another dwelling in the project, he may make written application therefor to the corporation, and upon the approval of the corporation, may move into such other dwelling whenever a suitable vacancy occurs. In such event, he shall pay for any maintenance, repairs, painting, and decorating necessary to place his former dwelling in suitable condition for another occupant, and a new contract will be entered into with appropriate changes in the purchase price, and in the principal and interest payments and other necessary provisions.

14. *Transfer by death of member.* In the event of the death of the member, his perpetual use or any interest therein may be devised to his heirs or representatives, provided that, if such perpetual use or interest is so devised to a person other than an immediate member of the member's family, such person shall not be permitted to occupy the premises, nor shall he be entitled to become a member without the prior approval of the corporation. In the event the corporation refuses membership to such successor in interest, the terms of paragraph 12 shall apply herewith.

15. *Termination of contract.* In the event of default by the member of any payments or charges required under this contract, or violation of any other provisions thereof, the corporation may terminate this contract upon 10 days' written notice mailed to the member. The corporation may also terminate this contract in accordance with Article I, Section 9 of the bylaws, which are hereby made a part of this contract. In the event of termination under this paragraph, or in accordance with Article I, Section 9 of the bylaws, the corporation may purchase the perpetual use upon the terms set forth in paragraph 12 herein.

16. *Surrender of dwelling.* The member agrees, upon the termination of this contract for any cause whatsoever, to quit and surrender the dwelling occupied by him to the corporation in as good repair, order and condition as when delivered to the member, ordinary use, wear, and tear excepted. The member, for himself and any successor in interest, by operation of law or otherwise, hereby waives any and all notice and demand for possession,

and agrees that, upon termination of the contract, the corporation may immediately reenter and fully recover the member's dwelling and dispossess the member, or any successor in interest, without legal notice or the institution of any legal proceedings whatsoever.

17. *Observance of mutual ownership principles.* The member covenants that he shall preserve and promote the mutual ownership principles upon which the corporation has been founded, abide by the articles of incorporation, bylaws, and rules and regulations of the corporation, and by his active cooperation with its other members bring about for himself and his comembers a high standard in home and community conditions.

18. *Peaceable possession.* If the member makes the payments herein required and performs all of the conditions and agreements of this contract, articles of incorporation, bylaws, and rules and regulations of the corporation, and remains desirable as a member within the discretion of the board of directors, the corporation covenants that at all times while this contract remains in full force and effect, the member may peaceably have and enjoy for his sole use and benefit the property herein described, and may enjoy, in common with all other members of the corporation, the use of the community property and facilities of the project.

In witness whereof, the parties hereto have caused this contract to be signed and sealed on the date first mentioned above.

.....
.....
Members of Mutual Homes Corporation.

By
President.

By
Secretary.

Financial Questionnaire

TO THE MEMBER: The purpose of this financial questionnaire is to assemble the pertinent facts concerning the individual member's ability to finance a home. In order to protect the stability of the group as a whole, the association would not want the member to undertake more than he can afford. The information you supply on this form will be treated in the strictest confidence. Only the financial advisor will see your answers. Therefore, please supply as accurate information as you can, and please return form to Mr., at, before

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

Name of member Mailing address

..... Telephone Age of wage earner

Are you a World War II veteran?

A. Employment status:

Husband

Wife

- | | |
|--|---------|
| 1. Name of employer | 1. |
| 2. Address of employer | 2. |
| 3. Employer's business | 3. |
| 4. Position held | 4. |
| 5. Name and title of superior | 5. |
| 6. Number of years in present employment | 6. |

B. Life insurance record:

- | | |
|------------------------------------|---|
| 1. Total amount in force \$ | 2. Cash surrender value \$ |
| 3. Dividend accumulations \$ | 4. Outstanding loans on policies \$ |

5. Total annual cost of life insurance premiums \$ 6. Would you be willing to buy life insurance on your life to the extent of the unpaid balance due on your house?

C. Property owned:

1. Bank accounts Amount \$
 (Name of bank)
2. Other savings Amount \$
 (Name of depository)
3. Investments:
- a. Marketable securities (present market value) \$...
- b. Other investments \$
4. Real estate (do not include Housing Association property):
- a. Present sale value \$
- b. Mortgage outstanding \$
- c. Your equity \$

D. Income. (Professional and business men should show net income after deduction of business expense and overhead)

	<i>Husband</i>	<i>Wife</i>
1. Basic salary for year	\$	\$
2. Overtime, summer pay, etc. .	\$	\$
3. Total net income from rents .	\$	\$
4. Income from other sources .	\$	\$
	\$	\$
Total income .	\$	\$

E. Amount owed. (Do not include any mortgages listed in Section C (Property) of this questionnaire.)

1. Accounts payable \$ How paid?
2. Automobile installments \$ How paid?
3. Other installments \$ How paid?
4. Notes payable \$ How paid?
5. Total amount owed \$

F. Cost of house:

1. Down payment: Maximum you are able to pay \$ Maximum you are willing to pay \$...

G. Next year's income:

1. What would you estimate your income at, for next year?
- A. For certain \$
- B. Probable maximum \$

H. Note: Return questionnaire to:

Bylaws of Community Council**ARTICLE 1.—Name**

In accordance with the needs and wishes of the residents of, who are organized into the Housing Corporation and the provisions of the amended bylaws of the corporation, Article II, Section (b), there is hereby created an operating unit of the Housing Corporation which is to be known as the Community Council.

ARTICLE II.—Purposes and Responsibility

SECTION 1.—Purposes. The purposes of this organization shall be—

- (a) To encourage and supplement mutual housing in by endeavoring to satisfy the recreational and leisure-time needs of the residents of through a well-planned program of activities.
- (b) To establish policy, rules and regulations for the use of community facilities.
- (c) To sponsor, support, and encourage community activities of general benefit to the residents of
- (d) To coordinate community activities in
- (e) To participate in local efforts of national drives for the general welfare.

SEC. 2.—Responsibility. (a) In carrying out these purposes, the council shall be governed by these bylaws and the bylaws of the Housing Corporation, its rules and regulations, and actions and decisions of the membership and the board of trustees.

(b) These purposes shall be carried out with the aid and advice of the tenant aide of the corporation, designated by the board of trustees.

ARTICLE III.—Membership

SECTION 1. (a)—Composition. The Community Council shall be composed of 15 members, chosen by members of the corporation at annual elections, procedure for which is herein detailed. In addition, the president of the Housing Corporation shall be a member ex-officio.

(b)—*Term of office.* The first council shall consist of 8 members elected for a period of 2 years, and 7 members elected for a period of 1 year; thereafter, elections shall be held to fill vacancies for a period of 2 years.

(c)—*Vacancies.* Where a vacancy occurs on the Community Council for any reason other than normal expiration of term, the vacancy shall be filled by the remaining members of the council at the next general election of the membership, when vacancies shall be filled for the unexpired term.

SEC. 2.—Honorary memberships shall be extended to the chairman of the Township Committee, the executive director of the Housing Corporation, the president of the Board of Education, the principal of the School, and tenant aide of the corporation.

SEC. 3. (a) Each authorized organization in shall be entitled to one delegate to the council or an alternate in the absence of the delegate, who shall be recognized as the official representative of that organization for purposes of council business. Such delegate shall have voice but no vote.

(b) Authorization procedures shall be as follows:

1. Applications for authorization shall be made to the council in writing, specifying the purposes of the organization, the number of members enrolled, names of delegate and alternate. Such application shall be referred to the executive committee of the council. The executive committee of the council shall make recommendations for action on the application at the following council meeting.

2. Any organization complying with the council's aims and purposes shall be acceptable to the council, and acceptance shall be noted at a regularly called council meeting upon majority vote.

3. No organization shall be denied membership because of race, creed, or political affiliation.

4. Change in designation of organization delegate and/or alternate must be filed with the community council one council meeting prior to change becoming effective.

ARTICLE IV.—Election Procedure

SECTION 1. An election committee, chosen by the council, shall be responsible for all procedural details connected with the elections.

SEC. 2. The executive committee of the council shall constitute itself as the nominating committee.

SEC. 3. Elections for membership on the Community Council shall take place annually at the May quarterly membership meeting of the corporation; the first election to be held May 1949.

SEC. 4. Every member in good standing of the Housing Corporation shall be eligible to one vote, or have his vote cast by his spouse.

SEC. 5. Any member in good standing of the Housing Corporation or one of his family, at least 21 years of age, may be placed on the ballot by—

(a) Designation of council nominating committee.

(b) Presentation of petition with 15 signatures of corporation members, no later than 2 weeks before the election date.

SEC. 6. Notices of election dates shall be posted on center bulletin boards, noted in the official township newspaper and publicized in any other form which the election committee may see fit, no later than 3 weeks prior to the election date.

SEC. 7. Vote tabulation shall be made while an authorized representative of the board of trustees of the Housing Corporation is present.

ARTICLE V.—*Officers*

SECTION 1. The officers of the council shall be a president, vice president, treasurer, a recording secretary, and a corresponding secretary.

SEC. 2. These officers shall be elected from the membership of the council at the regularly scheduled meeting in May and shall immediately assume the duties of their office.

SEC. 3. All officers shall serve for a term of 1 year; or until their successors are elected and have qualified.

SEC. 4. In case of a vacated office, such office shall be filled by an appointment by the president, to fill the unexpired term, except in the case of the president, who shall be replaced by the vice president.

ARTICLE VI.—*Duties of Officers and Members*

SECTION 1. Duties of officers shall be as follows:

(a) The president shall preside over all meetings of the community council and the executive committee, and shall appoint all committees unless otherwise directed.

(b) The vice president shall perform the duties of the president in his absence.

(c) The recording secretary shall be in charge of all correspondence.

(d) The treasurer shall be responsible for collecting and disbursing all moneys of the council and keeping an accurate record of same. The treasurer shall have records ready for auditing in April or October.

(e) Signators of all checks shall be the treasurer and president or vice president.

(f) Any officer who does not satisfactorily perform his duties may be removed from office by majority vote at a regular meeting of the council.

(g) Any member absent for three consecutive meetings without acceptable excuse may be removed by majority vote of the council.

ARTICLE VII.—*Committees*

SECTION 1. The executive committee shall consist of all officers of the council.

SEC. 2. The council shall create such subcommittees as it may deem necessary to accomplish its stated purposes.

ARTICLE VIII.—*Recreation Association*

SECTION 1. The community council shall sponsor a Recreation Association, whose function it shall be to assist in the raising of council funds and the planning, supervising, and conducting of recreation programs, except as otherwise provided.

SEC. 2. The community council shall designate one of its members as a representative to the Recreation Association.

SEC. 3. The Recreation Association shall be recognized as an authorized organization.

SEC. 4. The Recreation Association shall provide the Community Council with a written report on its activities and finances as requested by the council.

ARTICLE IX.—*Junior Council*

SECTION 1. The Community Council shall sponsor a Junior Council composed of teen-agers, whose function it shall be to assist in the raising of council funds, and the planning and carrying out of educational, recreational and leisure-time programs for the teen-age residents of

SEC. 2. The Community Council shall appoint an adult representative to the Junior Council, whose duty it shall be to coordinate the activities of both groups.

SEC. 3. The Junior Council shall be recognized as an authorized organization.

SEC. 4. The Junior Council shall provide the Community Council with a written report on its activities and finances as requested by the council.

ARTICLE X.—*Athletic Association*

SECTION 1. The Community Council shall sponsor an Athletic Association, whose function it shall be to assist in the raising of council funds and the planning, supervising and conducting of all athletic programs for, except as otherwise provided.

SEC. 2. The Community Council shall designate one of its members as representative to the Athletic Association.

SEC. 3. The Athletic Association shall be recognized as an authorized organization.

SEC. 4. The Athletic Association shall provide the Community Council with a written report on its activities and finances as requested by the council.

ARTICLE XI.—*Meetings*

SECTION 1. Meetings of the Community Council shall take place once a month on the fourth Tuesday of each month. Council members and authorized representatives shall receive at least 72-hour notice of regular meetings and at least 48-hour notice of special meetings.

SEC. 2. Special meetings may be called by the president of the council, or upon application to the president for same by 8 or more members of the council. Notices of such special meetings shall contain a statement of the special business for which the meeting is being called, which shall be the only order of business.

SEC. 3. Eight members shall constitute a quorum for regular or special meetings. Three members of the executive committee shall constitute a quorum at executive committee meetings.

SEC. 4. The order of business for general meetings of the council shall be as follows:

- | | |
|------------------------------|------------------------|
| 1. Roll call | 5. Committee reports |
| 2. Reading of the minutes | 6. Unfinished business |
| 3. Reading of communications | 7. New business |
| 4. Financial report | 8. Adjournment |

SEC. 5. The executive committee will meet separately from the Community Council at such times as it is deemed necessary for the purpose of formulating plans and/or recommendations for presentation and final action of the council at a regular or special meeting.

ARTICLE XII.—*Finances*

SECTION 1. Moneys accumulated by the Community Council shall be entered into a general fund, and shall be expended as the council sees fit, provided that expenditures are consistent with the stated purposes of this group.

SEC. 2. No subdivision or committee of the council may make commitments as to disbursement of any funds raised by that committee without authority of the council at a regular or special meeting.

SEC. 3. An annual financial report shall be submitted at the regular membership meeting of the Community Council in April.

SEC. 4. The Housing Corporation shall not be financially committed in any way by the council, except upon express action and consent by the corporation, in accordance with its bylaws.

ARTICLE XIII.—*Amendments*

Amendments to these bylaws may be proposed at regular or special meetings of the council, and if passed by a majority of the members present can then be presented to the Housing Corporation or the board of trustees thereof for final action. Upon approval of the membership, of the Housing Corporation or the board of trustees thereof, the amendments shall be deemed as adopted.

ARTICLE XIV.—*Annual Report*

An annual report of the activities and finances of the council shall be made by the council at the May membership meeting of the corporation.

Appendix C.—Information for New Groups

Suggestions for Starting a Housing Cooperative¹

1. Select a steering committee from among those interested, bearing in mind that these persons will probably become the first board of directors.
2. Send out properly prepared questionnaires to those interested, to determine the general location, type of house, size, price, etc., desired, plus the ability to pay for such a house.
3. Analyze the returned questionnaires in order to determine the price, class of house, and the neighborhood in which such houses would be in character.
4. Select a site near schools, business centers, transportation, churches, parks, utilities, etc., giving thought to securing interesting contours in the land site.
5. Obtain an option on the land for as long a period of time as possible, paying as little as possible for the option, in order to work out land planning, financing, etc.
6. Organize a cooperative association, keeping in mind its purpose and also making it legally workable. An attorney's advice should be sought at this point.
7. Get your engineering and land planning done by the best talent available.
8. Retain a competent architect to draw up the house design, working drawings and specifications. Be sure that all changes in house plans are made before the construction contract is closed; otherwise, they will be charged for as "extras." It is advisable to hire a *local* architect; he will then be available to supervise construction. He should be experienced, practical in outlook, know local materials, codes, and contractors, as well as FHA regulations and procedures.
9. Be certain that your senior financing, construction financing, etc., is done by a competent person.
10. Be certain that your sales program and junior financing is worked out in a sensible manner.
11. Be sure that the obtaining of bids, letting of contracts, etc., is properly safeguarded.
12. Provide for supervision of work and regular inspections thereof.
13. Be sure to have the proper auditing set-up before, during, and after construction.
14. Draw up a management program, to function during and after the construction period.
15. Lastly—and this is one of the most important steps—set up all possible safeguards to protect those interested in the plan from THEMSELVES, from noncooperative members, as well as from those outside who are antagonistic.

Regulations and Procedures Under Section 213 of National Housing Act of 1950²

Cooperative housing in the United States is not new, but the support and encouragement of the Government indicated by the enactment of Section 213 of the Housing Act of 1950 has given this form of enterprise tremendous impetus. In the steps outlined below no attempt has been made to describe in detail the development of a project. Full information and guidance is available to all interested groups at the State and district offices of the Federal Housing Administration. Further technical advice and assistance is available to the field offices and groups by the Assistant Commissioner and staff of the Cooperative Housing Division, Federal Housing Administration in Washington, D. C.

Briefly the regulations and procedure are as follows:

I. Cooperative housing projects must consist of not less than 12 dwelling units. A project may be either "management type" with occupancy limited to the cooperative members, or "sales type" which permits release of dwelling to the individual members after completion of the project.³

¹ Adapted from an outline drawn up by one of the housing associations covered in the study. For detailed instructions on starting a housing association, see U. S. Bureau of Labor Statistics Bulletin No. 858: Organization and Management of Cooperative and Mutual Housing Associations. That pamphlet may be obtained from the Superintendent of Documents, Government Printing Office,

Washington 25, D. C., for 20 cents per copy. Money order or check should accompany order; postage stamps are not acceptable.

² Material in this section was supplied by Warren J. Lockwood, Assistant Commissioner, Federal Housing Administration.

³ These terms correspond to "all-the-way cooperatives" and "co-ventures," used in this report.

II. A cooperative group consists of persons of legal age who have agreed among themselves in good faith to secure a suitable site and to build a housing project. Each member must also have agreed (among other things) personally to occupy or acquire for his own use and not for speculative resale for profit one of the dwelling accommodations included in the project. It is recognized that cooperative groups will require skilled services in organizing, planning and construction involving normal fees or expenses. Architects, builders and attorneys rendering such professional services may not become incorporators, stockholders, or officers of cooperative corporations. Membership in cooperative groups is restricted to persons intent on acquiring a home for their own occupancy.

III. In the early organizational stage, payments made by members should be in an amount sufficient only to cover the FHA application fee and miscellaneous expenses. The full amount of the participating interest should not be paid until after the credit standing of the individual member has been approved by the Federal Housing Administration.

IV. A cooperative group should form a committee consisting of not less than 5 members who, if possible, have had some practical experience in mortgage financing, real estate, architecture, or building construction. The committee should take the following steps to achieve its purpose:

1. The committee should find available sites and request the local FHA office to inspect such sites and furnish advice as to which offers the most advantage. When an acceptable site is found, professional legal and architectural services should be obtained to handle negotiations for options on the land and the preparation of surveys, preliminary site plans, and typical floor plans. When completed, this material is submitted to the local office of the Federal Housing Administration with a "Request for Preliminary Analysis." The Federal Housing Administration will then determine the general acceptability of the proposed project. No fee is charged by the Federal Housing Administration for the services rendered in this preliminary stage.

2. After the preliminary analysis is made by the local FHA office, the committee will then be in a position to file with the FHA office an application for a "Statement of Eligibility." An application fee of \$1.50 per \$1,000 of mortgage amount requested must be paid with the request. The request must be accompanied by preliminary plans, specifications, surveys, etc., sufficiently detailed to enable the Federal Housing Administration to make an estimate of the replacement cost of the project. Based on this information, the local FHA office will issue a "Statement of Eligibility," indicating the insured mortgage loan available. Attached to the FHA "Statement of Eligibility" will be a "Project Analysis" showing the estimate of the total cost of the project, including land and improvements, together with any special conditions or requirements.

Prior to the issuance of a signed "Statement of Eligibility" by the FHA the committee must present assurance in the form of a written statement from an approved mortgagee to the effect that permanent financing has been arranged.

During the period of processing the application by the FHA the committee should obtain bids from reliable contractors for the construction of the project, including streets, utilities, off-site improvements, etc.

3. After issuance by the Federal Housing Administration of the "Statement of Eligibility," the committee is permitted a period of 90 days to accomplish the following:

- (a) Sign up prospective additional members on Subscription Agreement forms approved by the FHA totaling at least 90 percent of the dwelling units of the proposed project. The remaining 10 percent may be obtained subsequent to the 90-day period and after the FHA Commitment to Insure has been issued. The cooperative group should be incorporated under appropriate State laws with a charter and by-laws satisfactory to the FHA prior to the solicitation of members.

(b) Furnish the local FHA office with a list of prospective members, together with a credit statement on FHA forms and a credit report prepared by a satisfactory credit bureau for each individual prospective cooperator. This list must be furnished before a commitment for insurance will be issued.

(c) Arrange for an approved mortgagee to make application to the FHA for mortgage insurance.

V. When the application for mortgage insurance is found acceptable, the local FHA office will issue a firm commitment for insurance of the mortgage loan. As soon as the commitment is issued, the corporation's attorney should prepare all legal documents necessary for closing the insured mortgage transaction and submit them to the Federal Housing Administration closing attorney for review.

VI. The balance of the cash down payment required of each member must now be on hand in order that the requisite amount of cash may be available for the closing of the loan transaction. At the time of the closing of the loan, if the project is of the "management type," the membership of the cooperative corporation must total at least 90 percent of the number of units planned for the project. In projects of the "sales type," however, 100 percent membership is required at the closing.

Appendix D.—Experiences of a Mutual

The following account, taken from the report of the officers of one mutual association, gives an example of what some officers had to contend with, even when no special problems were encountered.

The final days of September of 1948 were hectic days for our attorney, for the, and for the officers of the association. Here is what took place:

1. Last-minute changes in many of the documents had to be made by request of FHA. This involved re-writing, retyping, and reassembling without regard to Saturdays, Sundays, and late hours.

2. Forty-eight hours before the deadline, the bank required a series of further changes in documents to satisfy its interests.

3. Seventy-two hours before the deadline, the title insurance company raised a whole series of questions which had to be cleared up:

(a) Unpaid mortgages against portions of the property.

(b) Mining rights for coal, gas, and oil running under our property.

(c) Rights of way owned by utility companies which might pass over our property.

(d) A discrepancy between our survey of the property and the Government's legal description, even though the Government's engineer made the survey for us.

(e) Proof of tax payments by the PHA.

(f) Proof of no violation of zoning laws.

4. Insurance coverage had to be negotiated and arranged for to satisfy FHA and the bank.

5. Revisions in the inventory and chattel mortgages had to be made.

6. Arrangements to take over the delinquent rents, by our paying these rents, had to be made.

7. The bank had to be satisfied as to all arrangements because this bank furnished the funds and then sold the mortgage to the bank.

8. The mortgage and title had to be substantially rewritten, because of the confusion over the survey of the property.

All these matters were taken care of primarily because of the determination and hard work of our attorney. Three days prior to the deadline, the closing conference was called off by Government officials but the association insisted on proceeding, confident that the obstacles would be overcome.

On the night before the deadline, a major obstacle was erected when the banking representatives insisted on three tax-reserve accounts—one for a school tax, one for city tax, and one for county tax. This move would have forced an immediate outlay of three times as much as had been budgeted by the officers of the association.

We presented an alternate plan providing a single tax reserve adequate to meet all tax payments when due. After long debate, this was finally accepted.

On the final day, new problems arose with the local bank. There, again, the work of our attorney succeeded in solving this last problem and the purchase was completed.

It is not really possible to fully describe the 8-month period during which the association worked toward the purchase of the project. The help and cooperation of a large portion of the members made possible the defeat of many hostile groups and the solution of extremely intricate problems. Our thanks to Mr., a regional director of the FHA, must be expressed. He was not only cooperative, but gave valuable advice and guidance.

The final several days were the most difficult since so many problems and so many different interests and groups were involved. However, the success finally achieved justified the work done, the patience shown and the cooperation achieved.