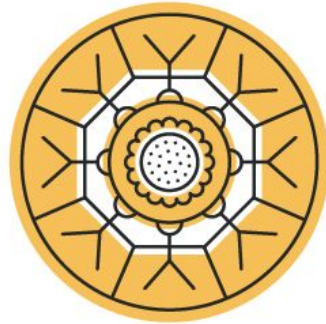


Legal Models for Collective Land Stewardship & How to Start a Co-operative



In collaboration with:
Cooperate WNC
A Regional Mutual Aid Initiative
www.cooperatewnc.org

WEAVE THE PEOPLE, LLC.
Community-Owned Community

With support from:



We're all here - but why?

Obviously, you are curious about collective land stewardship and/or starting a housing cooperative...

Why is community living and collective land stewardship important to you?

It flies in the face of the American Dream, and the simplest ways for individuals to buy homes, and make as much money as possible, etc.

Why Invest in Community-Owned Community?

There is healing power in healing relationships- to the land, to one another, to ourselves.

Witness & evolve the power of collective creativity amongst dedicated and highly-invested groups of people.

Creating and sharing replicable models for environmental sustainability and care for all.

Improved quality of life, rippling out from artists, healers, innovators, weirdos and change-makers.



According to *seemingly endless research* – more than *money, fame & “Likes”* – *relationships* are what keep people happy throughout their lives. *You don't say...*

Community is Creativity

Communities become creative hubs for an outpouring of offerings to the wider community.

Currently, our community is made of dancers, writers, musicians, storytellers, filmmakers, teachers, artists, naturalists and those psyilly folks who don't easily fit into the box of words...

Let's dream big **together.**

Examples of on-going offerings in **Asheville's local Communities:**



Grief Rituals & Garden
Apprenticeships at **Sunsong**
(May Sun lives here.)

Compassion Camp
at **Earthaven**
(CJ lived here.)

Soulstice at
The Landing
(CJ lives here.)

Improv Nights & original play
readings at **Herron Cove**
(Juno lives here.)

Renting Sucks. Ownership is Good- for One. Stewardship is Great for Many.

There's a fundamental difference between *renting, owning, and stewardship.*

The difference is having a seat at the table for decision-making; a profound difference that permeates the spirit.

When we take on the responsibilities of owning and community stewardship, we learn, grow, and become more empowered in ways that feed a larger picture.

Stewarding community is about creating **a future that will last for generations.**



CJ, May Sun and Juno proudly displaying their shiny new WTP, LLC Debit Cards from United Federal Bank... May Sun with a United Bank lollipop.



Stewardship is ownership by a community.

What is stewardship vs
ownership?

This Workshop's Two Sections

1. Overview of Legal Models for Collective Land Stewardship
2. 10 Steps to Start a Land Based Co-op

Legal Structures for Collective Land Ownership

Community Land Trusts

Agrarian Trusts

Cooperative

Condo Associations & Home
Owner's Association (HOA)

Hybrid Models

Religious Community/Commune

Land Trusts (various types)

Other Types/Names: Community Land Trust (CLT), Conservation Land Trust, Agrarian Land Trust, etc.

Prevalence: over 240 CLTs in the US, 1,200 conservation trusts

Scale: Regional

Legal Structure Basics: *state nonprofit, specific policies in bylaws. May be eligible for federal 501c3 status.*

Characteristics: *Land owned by nonprofit which is managed by board. CLTs lease land long term "ground lease" (usually 99 year lease) to residents with stipulations of sales of lease. Buildings and improvements either shared rented or owned by lessee. Has a board for oversight and mission integrity*

Model benefits: *Permanent affordable community housing, access to donor and grant funding opportunities, protects land in perpetuity.*

Model Challenges: *no private sector funding opportunities, hard or impossible for individuals to cash out on investment*

Local Examples:

- Celo Community - very early
- Asheville Buncombe County Land Trust

Resources:

<https://groundedsolutions.org/tools-for-success/resource-library/community-land-trust-technical-manual>

Agrarian Trusts

Prevalence: *12 commons listed on agrarian commons website, new model*

Scale: *Regional*

Legal Structure Basics: *land held by 501c2 or 501c25 'agrarian commons' holding entity due to relationship with for profit farms, under a qualified 501 org (usually 501c3) to receive profits - may use [Agrarian Trust](#) org as 501c3.*

Characteristics: *agricultural conservation, has a board for oversight and mission integrity*

Model benefits: *works well with agriculture, community and farmer run model (farmers own their farm, business and structures), protects land in perpetuity*

Model Challenges: *difficult to 'cash out', doesn't provide clear pathway on its own for housing and other social infrastructure for farmers living onsite (good to pair with Housing Coops or other entity for housing)*

Local Examples:

- None current formed locally, [see national list](#)
 - Local community exploring Paradise Gardens (Joe Hollace's land) as possible Agrarian Commons location

Resources: <https://www.agrariantrust.org/>

Cooperative

Prevalence: *common, long history*

Scale: *small community to regional*

Legal Structure Basics: *varies state to state, in NC LLC is recommended with cooperative operating agreements unless your co-op is very public and the NC state co-op legal structure is appropriate*

Characteristics: *multi-owner model, suitable for any sort of cooperative endeavor from ownership to operation, usually directly owner operated. Note: See the “Permanent Real Estate Cooperative” model for land-trust like values.*

Model benefits: *very flexible legal structure, also compatible with renting and interlocking cooperatives, can allow private investment and transfer of land, facilitates collective creation and management of infrastructure like microgrids, water systems, car coops, bath-houses, etc. Different fundraising models are accessible to cooperatives. California law allows for shares of up to \$1,000 as a funding source. NC has a crowd-funding structure but it’s a bit cumbersome to use.*

Model Challenges: *lawyers may not have cooperative expertise, may require multiple cooperatives to function effectively.*

Local Examples:

- Earthaven Neighborhoods like Hut Hamlet
- [Poder Emma](#)

Resources: <https://www.theseic.org/cooperatives> & the [Permanent Real Estate Cooperative Model](#)

Home Owners Association (HOA) & Townhomes/Condo Associations

Prevalence: *HOA's are the most common community entity in the United States - condo associations are also common*

Legal Structure Basics: *nonprofit, but not tax deductible - state nonprofit in NC, lots of [specific legal framework for HOAs](#).
be sure to look into regulations around subdivisions in your locale.*

Characteristics: *conventional model often used for community land in conjunction with private plot ownership. Most subdivisions use this model to establish community culture and agreements and manage some community assets.*

Model benefits: *common legal structure (easy to find lawyers to help)*

Model Challenges: *missing land protections; negative associations for some people, not necessarily structured for community*

Local Examples:

- Most new developments have an HOA
- Earthaven employs an HOA as a part of its Hybrid model which owns forestry and ag land, water and energy infrastructure, roads and other commons, but does not include actual housing (housing is in neighborhoods which are each their own entity)
- Westwood Cohousing in Asheville is a condo association

Resources:

- Basic info from law firm: <https://www.cedarmanagementgroup.com/north-carolina-hoa-laws/>
- Cohousing Legal Toolkit:
https://www.ic.org/wp-content/uploads/woocommerce_uploads/2017/05/Cohousing-Legal-Toolkit-3.0.pdf

Hybrid Models

Prevalence: *most projects involve some level of collaborative hybridization!*

Legal Structure Basics: *Up to you! Mix and match :)*

Characteristics: *Mixing the above and other legal structures to suit your specific needs!*

Model benefits: *flexible, allows different individuals in a community to participate in the things that they have the most interest/sense of ownership in*

Model Challenges: *complex choose your own adventure! More bureaucracy and admin energy required to maintain. Potential fracturing along organizational lines if some members feed some legal entities but others.*

Local Examples:

- Earthaven Ecovillage
 - HOA owns land community land and manages physical infrastructure
 - Earthaven Community Association (ECA) manages community affairs, cultural and ritual and educational events
 - Culture's Edge 501c3 Nonprofit supports educational programs
 - 10 Various neighborhoods each have cooperative, nonprofit, or LLC entity which owns their parcel of land
 - Private businesses also exist within Earthaven community, which lease property/land from entities to do their business on
- Many organizations ultimately entail some hybridization depending on circumstances

Resources: your lawyer

Religious Community/Commune

Prevalence: *common*

Legal Structure Basics: *flexible, 501(c)3 or a 501(d) "Religious and Apostolic Association", organization - tax exempt*

Characteristics: *In Communes, members give up almost all personal property ownership. Due to legal structure, nonprofits own their property and generally can't support for profit endeavors and can't give money and goods to individuals. Investments stay in the nonprofit.*

Model benefits: *can have simple legal structure, low accountability, etc. Churches can receive special exemptions from review and filing requirements.*

Model Challenges: *require very high commitment and philosophical buy in from members, no space for personal equity*

Local Examples:

- Unsure of WNC examples
- 501(d): Twin Oaks Community, The Farm in TN (past)

Resources:

- 501d technical guide: <https://www.irs.gov/pub/irs-pdf/p5627.pdf>
- Special laws limiting auditing of churches:
<https://www.irs.gov/charities-non-profits/churches-religious-organizations/special-rules-limiting-irs-authority-to-audit-a-church>

Bio Break!

How to Start a Co-op & Buy Land Together

1. Identify your core group
2. Identify your guiding vision
3. Identify your decision-making process
4. Create a budget
5. Identify & create your legal structure with operating agreements and conflict resolution process
6. Begin operations!
7. Raise Funds
8. Go under contract
9. Purchase the home
10. Move in!

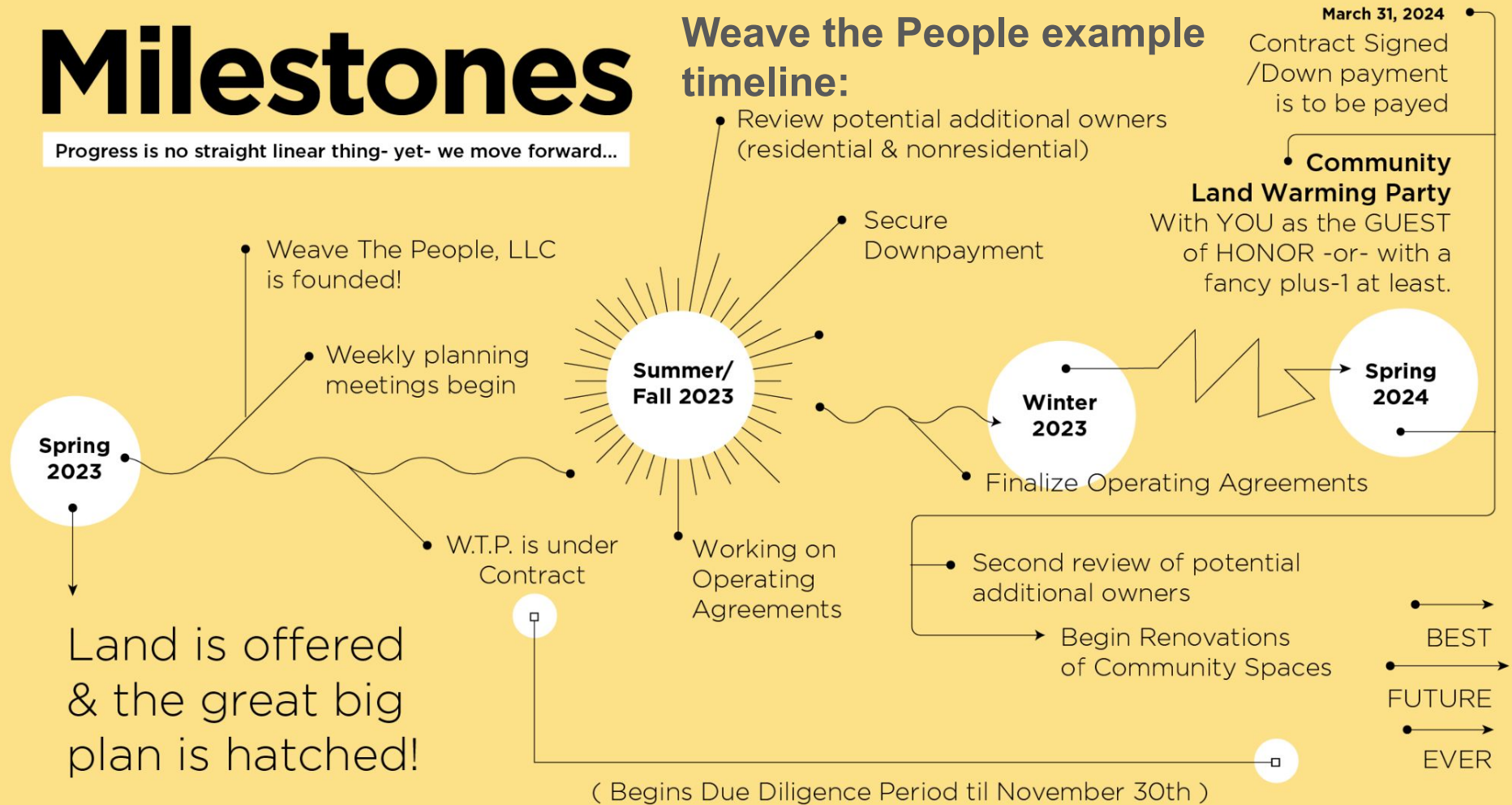
Every project is different and this process is very dynamic. These may not (probably won't be!) done in precisely this order, however some things must be done before others.

How long do you think this process might take your group?

Milestones

Progress is no straight linear thing- yet- we move forward...

Weave the People example timeline:



1. Identify your core group

- Identify who is in
- These are the people who will:
 - define the vision
 - do the founding heaving lifting of work, finances, etc
 - seed and establish the culture
 - good if they are committed for a period
- A smallish group ideal. Definitely not more than 8 people. Probably 3-5.
 - More than two is ideal to seed a healthy and diverse founding dynamic, and less than 8, or even 6 to prevent difficulty in meeting and finding share vision and agreement on key seeding elements.
- These people are your founders! They will have a profound impact on the project and have extra work to do!
- **You are starting a business with these people and living together!**

2. Identify your guiding vision

This is what will help you and others know who is a fit for your community.

It will help you navigate conflicts and disagreements.

It is the guiding star for the organization.

It articulates your values, goals and ways of being.

I suggest the Vision, Mission, Aim model used in Sociocracy.

Does your community have a vision or VMA?

What is it?!

3. Identify your decision-making process

Knowing how you will make decisions is key to preventing and navigating conflict.

So much disagreement can be navigated easily when people know how decisions are made.

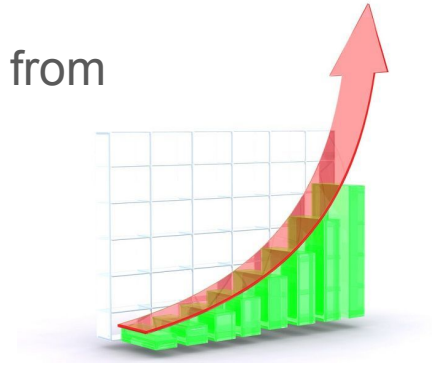
Decision making process can also balance and counteract (or exacerbate!) social and cultural power imbalances.

There are many facets to decision making process such as record keeping, method, facilitation, proposal forming, domains of decision, and many more that have a significant impact on process.

Self Governance is *a lot* of work and responsibility!

It calls everyone to a higher level of participation, accountability, technical and social skill, etc.

The personal growth curve from participatory governance:

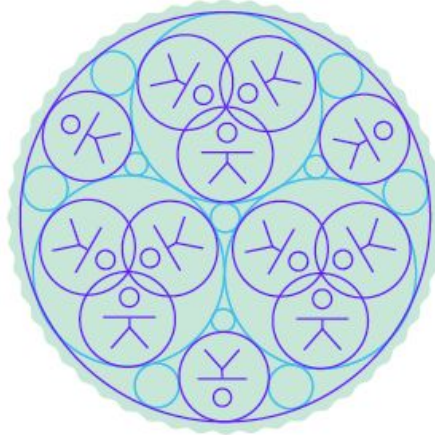


What value do you see coming out of participating in self governance?

Sociocracy

Effective Consent-Based Governance

We use *sociocracy*- a democratic, horizontal, people-based decision-making framework used by intentional communities and organizations the world over. *Featuring:*



People-based meetings with clear notes, facilitation, rounds

Dynamic, **circle-based organizational structure** with **double-links** for representation and clear **aims & domains**

Review **terms** on roles and policy decisions

Global **community of support**
www.sociocracyforall.org

Additionally, the cooperative has a *fall back decision making process* that the community can initiate if unable to find consent on a decision.

4. Create your budgets

In order to raise the funds needed to buy land, you need to know how much money you need!

You also need to know the business plan is gonna work long term and what people can expect to be paying in.

The budget should only include the components handled by the coop, which may not be all community expenses.

The startup budget includes:

- Estimates on the total amount of money needed to purchase including:
 - The amount of money down
 - The amount of loans
- Estimates on money needed to initial improvements to make the project viable

The ongoing budget includes:

- The monthly loan burden
- The monthly expense burden including:
 - Operations
 - Expenses
- An emergency repairs fund
- Income streams, such as:
 - Member payments, rent, other income (events, bnb, etc.)

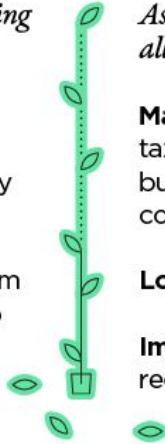
Comprehensive Budgeting & Financial Planning

Indeed, it's comprehensive— considering a wide range of possible scenarios...

Considers worst case scenarios:

A comprehensive plan in the case things don't go as comprehensively planned.

Padded: a little healthy wiggle room in the budget, so we don't wind up with a surprise of being short.



As well, it's thorough— including all the important details...

Maintenance Fees: home insurance, property taxes, unexpected repairs and maintenance budget, co-op licensing and registration fees, co-op legal fees, co-op labor expenses

Loans: interest amortization timelines

Improvement budgets: for a wide range of required and supplementary improvements.

Ownership Financials					
Loan Payments		\$4,081	Monthly		
Mortgage Payments		\$3,021	Monthly		
Loan Payments		\$1,061	Monthly		
LLC & Home Maintenance Payments		\$22,228	Annually	\$1,852	monthly
Property taxes		\$3,350	Annually	\$279	monthly
Homeowners Insurance		\$1,678	Annually	\$140	monthly
Maintenance Costs		\$10,000	Annually	\$833	monthly
Improvements Fund		\$0	Annually	\$0	monthly
Management Finances				\$0	monthly
LLC Renewal		\$300	Annually	\$25	monthly
LLC Taxes		pass through	Annually		
Legal Consult		\$500	Annually	\$42	monthly
Accounting Consult/Support		\$1,000	Annually	\$83	monthly
Co-op Maintenance Labor				\$0	monthly
Property Management Lab		\$1,800	annually	\$150	monthly
Bookkeeping Labor		\$1,800	annually	\$150	monthly
Administrative Labor		\$1,800	annually	\$150	monthly
Community Maintenance Lab		\$0	annually	0	monthly
		High	Median	Minimum	Bare minimum
		\$214,934	\$99,624	\$22,648	\$4,900
Pond Project		\$40,000	\$15,000	\$0	\$0
Kitchen Remodel		\$17,990	\$10,435	\$5,940	\$500
Well Project		\$5,000	\$4,000	\$3,000	\$3,000
Outdoor Kitchen project		\$6,160	\$3,620	\$2,020	\$0
Bathhouse Project		\$6,484	\$5,984	\$3,258	\$0
Bathroom Remodel		\$29,300	\$23,500	\$4,200	\$1,000
Field Project		\$5,000	\$2,000	\$500	\$0
Deck Repairs		\$13,100	\$9,450	\$530	\$200
Drainage Improvements		\$1,000	\$500	\$100	\$0
Mold Prevention		\$500	\$300	\$100	\$0
Parking		\$3,000	\$2,000	\$1,000	\$0
Privacy Fencing		\$5,400	\$2,835	\$500	\$200
Solar Panels		\$40,000	\$15,000	\$0	\$0
Barn Remodel		\$10,000	\$4,000	\$1,000	\$0
Tiny Home		\$30,000	\$0	\$0	\$0
Arborist Work		\$2,000	\$1,000	\$500	\$0

EST: 2% of total hr
estimated based o
5hr a month, 12 m
estimated based o
5hr a month, 12 m
estimated based o
5hr a month, 12 m
handled by comm
volunteer basis

Initial Costs

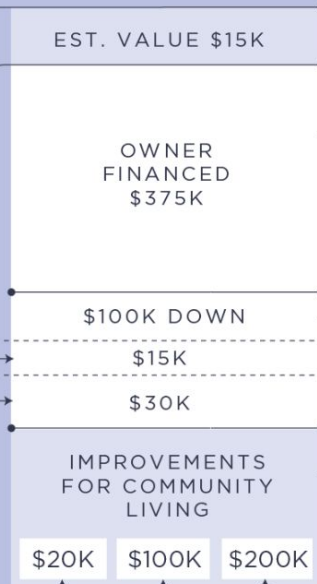
TOTAL PURCHASE PRICE: \$475K
IMPROVEMENT FUND: \$20-200K
FOUNDING COST: \$15K

INITIAL INVESTMENTS

- By Founders
- Lawyer Fees
- Negotiations
- Inspections & Appraisals
- Legal Documents
- Pitch Documents
- Budgetry
- Earnest Money Down

3 Additional Owners

Initial Investments \$30k



LOANS

• Owner-Financed

*@ 5% Interest
Over 15 Years*

• Community Loans

*\$75k @ 8%
Over 15 Years*

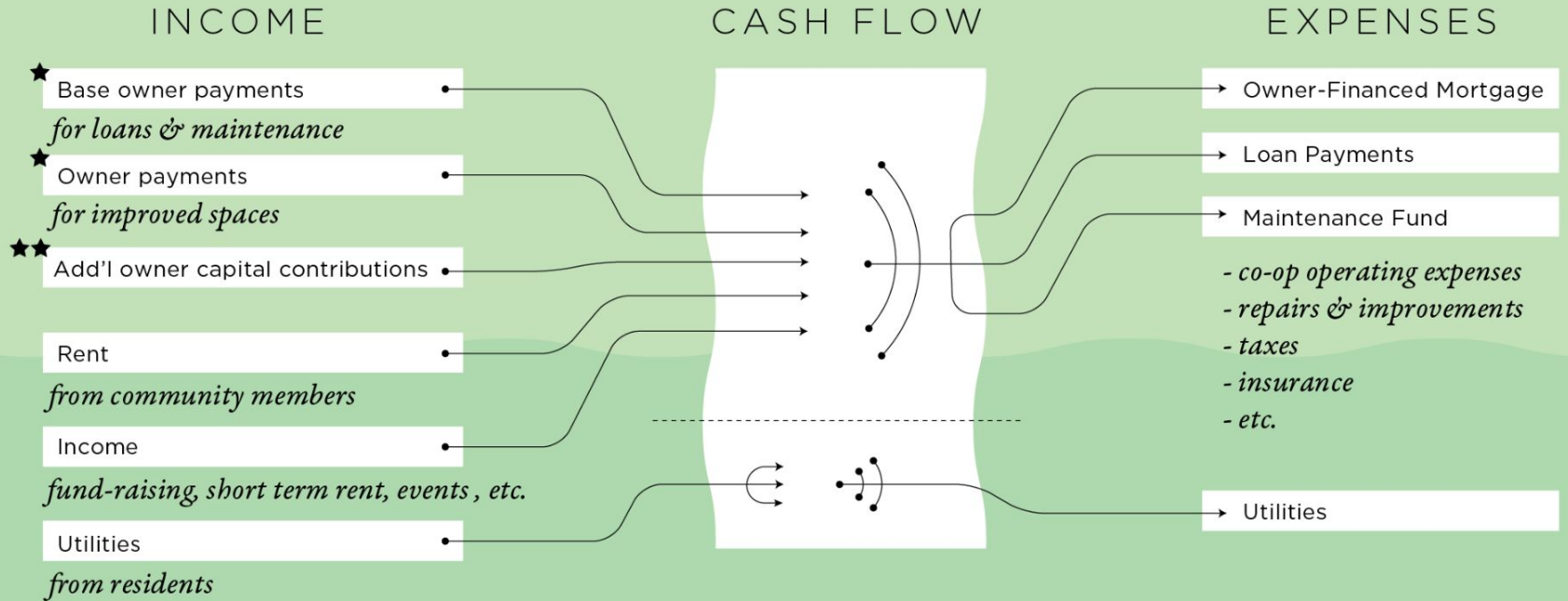
Improvement Scenerios

• *Fancy Town*

• *Complete*

• *Minimum*

Revenue Model



★ *Owner Payment Portion for loans applied to the individual's capital account*

★★ *Value treated as a loan with comparable interest rate to other loans*

5. Identify & create your legal structure, agreements and conflict navigation framework

In order to have collective ownership and have real legal recourse that won't be easily overridden by an individual backed by the state's show of force if a breach of trust occurs, then a collective legal entity is needed. This often goes a long way to preventing any need for involvement of the state.

This step is a lot of work and discussion!

Key Steps:

- Establish your LLC (or other structure) and its members.
- Open your bank account.
- **Create your operating agreements including:**
 - **decision making structure**
 - **conflict resolution processes**
 - **member payment amounts or calculations**
 - **how members join, leave or can be removed**
- Have these reviewed by a lawyer familiar with co-op law
- **I'll do a workshop on agreements sometime soon, stay tuned!**

Creating the legal entity is quick and easy. The choices you make around operating agreements and conflict resolution will have a huge impact on the workings and dynamics of the cooperative.

Solid Operating Agreements

**We've considered many nuances of collective ownership.*

How do we evaluate & welcome new members?

How do people leave the cooperative?

What if we need to remove someone from the cooperative?

What do we do in case of conflict?

How do we ensure legal & tax compliance?

Who left these God-forsink'n dishes in the sink?!

**With support from Regen Law, a North Carolina based Cooperative-oriented law firm run by Steve Virgil.*

————— Read our
OPERATING AGREEMENTS
————— here

Resident Owner Member?

Right, Resident Owners are owners and they live at the Cooperative.

They regularly **participate in decisions** pertaining to the community and operations of the cooperative.

An **initial member payment of \$10k or \$15k** is paid depending on the phase of joining.

They make **monthly payments** equal to amount of all other members. Plus the value of improved spaces owned by the cooperative.

The portion of these payments that **pays off principle and interest on loans** goes into their Capital Account, *which can be cashed out if they sell their share.*

The portion which goes to **maintenance and operations** does not get credited to the Capital Account.

Owners may also make **Capital Contributions** which are treated as loans and may carry an interest rate.



Fill out the Application for Residency!

Non-Resident Owner Member?

Non-Resident Owners are owners but do not live at the Cooperative.

NRO Members **participate in operation of the cooperative** and related decisions & participate variably in community level decision-making.

An **initial member payment of \$10k or \$15k** is paid depending on the phase of joining.

NRO Members make **monthly payments** that contributes to their capital account (i.e. equity).

The details of NRO member benefits are still being ironed out.

In the meantime...

If there is some way that you would be excited to plug in in this way- let's talk!

Owners may also make **Capital Contributions** which are treated as loans and may carry an interest rate.



What if you want to leave?

While we're *deeply committed* to this project, we are also well aware of the ways *life can change*.

We've created a model which makes it relatively easy to leave the cooperative, without the requirement of replacement owners or large cash buyouts. The pace at which a member can be reimbursed will be more limited during the first 15 years while the cooperative still owes on the loans.

An individual can leave at any time, and will be reimbursed their share at the quickest pace feasible to the cooperative.

However, if they plan ahead a member can also **engage in a Stewarded Transition in collaboration with the cooperative** to establish a more ideal financial situation for the cooperative and allow for a quicker reimbursement of their owner share.

Read more about how people come and go in *Sections 10 and 11* of the *Operating Agreements*.

Conventional Law vs Plain Language Law movement



Weave the People
Community-owned Community
Operating Agreements v1.0

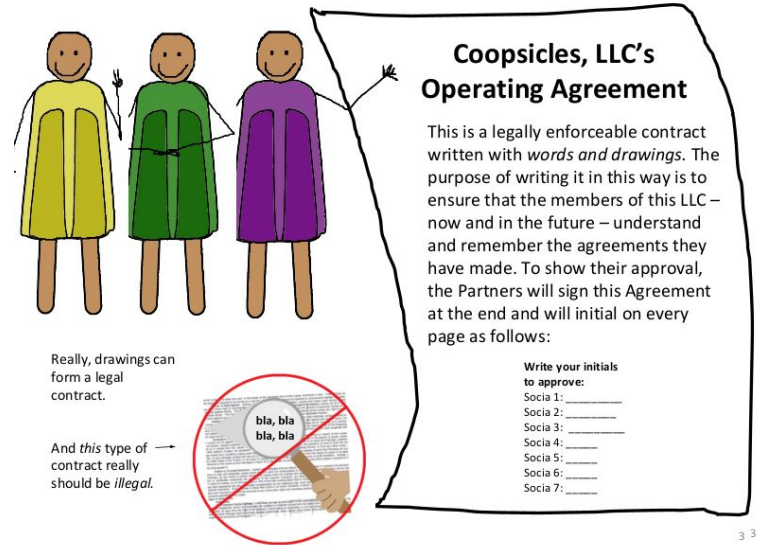
WEAVE THE PEOPLE, LLC OPERATING AGREEMENT

This Operating Agreement ("Agreement") governs Weave The People, LLC (the "Cooperative") as mentioned herein and represents the consent and agreement of the persons who have signed it below. These persons agree to govern the Cooperative under the following terms:

Summary Provisions

This is a summary of some of the provisions in this Agreement. Not all provisions are summarized here. The entire Agreement should be read prior to signing.

- 1) **Definitions.** This Agreement contains definitions at the beginning to make the agreement clear for all.
- 2) **Organization.** The Cooperative is a limited liability company that has been created under North Carolina Limited Liability Company Act and operates under cooperative principles for the benefit of its members, both current and future. It is called "Cooperative" in this agreement. Its principal office is listed as 239 Herron Cove Rd, Weaverville, NC.
- 3) **Purpose and Powers.** The Cooperative owns and operates a cooperative land project to benefit current and future members and world at large, committed to harmonious co-stewardship through equity, stability, and affordability.
- 4) **Member Shares and Capital Contributions.** Members must an initial contribution, and make monthly payments as agreed upon by the Cooperative. The Member Share entitles the Member to certain rights, which vary depending on the Member's membership class. "Owner Members" (also known as "Members") are either Resident Owners Members or Non-Resident Owner Members. Both make regular monthly payments as decided by the



Plain Language law templates:
<https://www.theseic.org/templates>

6. Start Operations

This can include many facets and depends on exactly where you are in the process, but I suggest should get as many systems online early on as possible.

Get practicing and get your systems setup :)

Managing a property is a lot of work, and doing it collectively involves more distributed responsibility, transparency and communication than doing it as an individual or couple.

Depending on how complete your group is and how close to moving in you are, or if you are already living together, this may also include establishing and honing community agreements & cooperative operational procedures.

How could you start operating as a cooperative with your group now, even before you buy land?

7. Raise Funds

There are many ways to acquire funds, in the private sector some of the most common ones are:

- Personal savings from cooperative members
- Personal Loans to cooperative members
 - From family
 - From friends
- *Loans to the cooperative
 - Mortgage
 - Owner financed, from a bank
 - Loans from *accredited lenders!
 - Hopefully from a local lending cooperative in the future!
- Crowdfunding
 - WeFunder
 - NC has special statutes for this, but they may be hard to navigate

*There are important securities laws around soliciting loans. You cannot just tell the world you're looking for a loan to the cooperative (but you can take loans as an individual). The cooperative can put the house to be purchased up for as collateral via 2nd lien if the cooperative agrees even if the loan is to individuals.

8. Go Under Contract to Purchase the Home or Land

Buying a house is a whole process unto itself.

Usually you will need *your own* lawyer to review the contract and closing papers, and often a real estate agent to support you in the process.

These steps assume that you have already secured funding.

The process involves a few key steps:

1. Going under contract, usually with earnest down payment
2. Evaluate the home during the due diligence period
3. Negotiate the final contract
4. Close on the house
5. Move in!

9. Purchase the land/home

The home buying process is long! It sometimes involves false starts and failed purchases. That's why the process is broken into two parts: Going under contract, and completing the purchase.

This is when you cut that big check and go sign some papers!

When we closed, the lawyer's office had this ridiculous eagle.



10. Move in and refine the community's foundation & cooperative operational procedures.

Now the work of living together and maintaining the collective home(s)!

The structures and cultures can vary greatly depending on the proclivities of your community.

Check out our monthly Community of Practice for Co-living and Communities!

Community Agreements & Practices

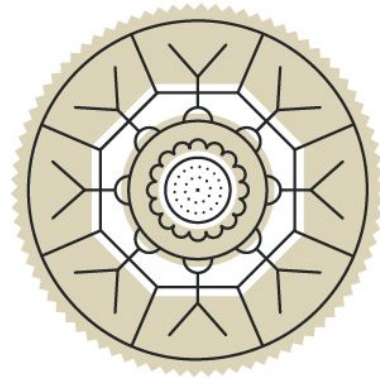
Living, co-created community agreements

The cooperative will be seeded with a basic framework as a starting point for community agreements. *(Coming soon)*

From then on all community members *(whether owners, renters or otherwise)* will participate in co-creating the living community agreements.

Regular community meetings & work days

Processes for accountability, conflict navigation and repair



Does it all work and is it worth it?

It is no small task!

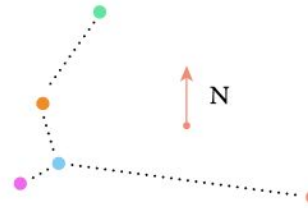
Running a Cooperative AND a Community?!

**Let's be real- it's no small task.
Have you done this before?**

We're learning from combined 30+ years of experience with community living, and riding the backs of the experience of many cooperatives and land projects that have come before us.

None of us have bought into a cooperative land project yet. But, we have all lived on, participated in and witnessed them directly.

Patiently, we've been waiting for the right opportunity...



From land projects new and old like *Earthaven* & *Sun Song*. Including communities across town from *Possum Splendor*, *The Landing*, *Herron Cove* itself & more.

We've been learning from the experiences of communities and legal frameworks from across the country including **sociocratic governance** (used by hundreds of intentional communities and organizations the world over).

How do you applying these 10 steps?

Every situation is unique for many reasons:

Transitioning from previous community/coliving or starting fresh?

Transitioning from single owner model to communal owner model?

Funding access?

Experience in community?

Management philosophy?

Next Steps!

Cooperative Founder's Skillset Series

1. Joining for upcoming monthly workshops: the Cooperative Founder's Skillset Series - **coming soon!** [See upcoming events](#)
2. Join the monthly [Community of Practice for Co-Living](#)
3. [Schedule a consult](#)
4. Get involved with **Cooperate WNC Community** and support regional mutual aid www.cooperatewnc.org

Specific Dates and final schedule TBD

March - Vision, Mission, Aims: the power of purpose
April - Collective Decision Making 101
May - Sociocracy Jump-Start: introduction & tools you can apply right away
June - Housing Coop Project Budgeting
July - Cooperative Operating Agreements & Bylaws
August - Conflict and Accountability for Communities
Sept - Introduction to Running a Co-op: Operational Tools and Tips for Cooperatives
Oct - Fundraising for Cooperatives
Nov - Navigating Real Estate, Land and Building Purchases for Cooperatives
Dec - Foundations for Community

