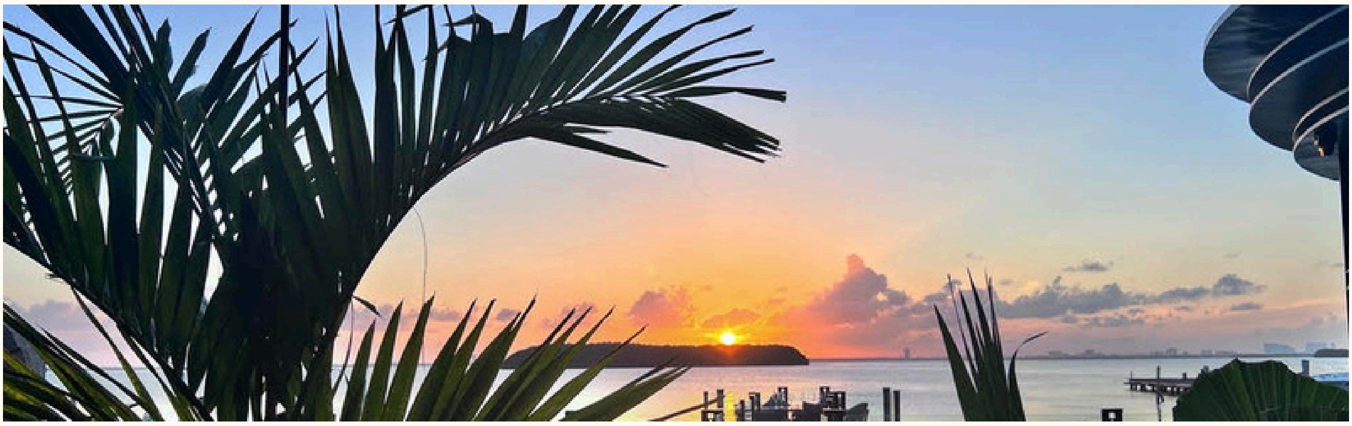
# THE MAHC MESSENGER

MIDWEST ASSOCIATION OF HOUSING COOPERATIVES

SUMMER 2026 Another conference full of education and connection



Dear Members,

What an incredible week at the 2026 MAHC Annual Conference in Cancun! Cooperative members, board directors, managers, business partners, and industry professionals from across the Midwest came together to learn, connect, and celebrate the strength of the cooperative model.

This year's conference featured workshops on governance, fair housing, AI, finance, conflict resolution, and member engagement, along with networking events and the Annual Awards Luncheon honoring those who help our cooperatives thrive. Attendees—both new and returning—left with fresh ideas, meaningful connections, and renewed inspiration.
A highlight of the week was the Certified Cooperative Specialist (CCS) course, where participants spent two days deepening their knowledge of cooperative history, governance, and best practices, reflecting a strong commitment to continued education and growth.

Looking ahead, planning is already underway for the 2027 MAHC Annual Conference in New Orleans. We hope you'll join us for another inspiring week of education, networking, and celebration.

Beginning with this issue of the MAHC Messenger, we're also excited to introduce a new feature: Cooperative Superstars. Each edition will spotlight members, volunteers, board directors, and community leaders making a meaningful impact. Nominations and story ideas can be sent to Katypentiuk@gmail.com.

Thank you for being part of the MAHC community—we look forward to seeing you in New Orleans in 2027!


MIDWEST ASSOCIATION OF HOUSING COOPERATIVES

MAHC

2026 ANNUAL CONFERENCE

MAY 16 - MAY 22

CANCUN

MEXICO

RESILIENCE AND REIMAGINING

# Learning Through the Certified Cooperative Specialist Course

*By Katy Pentiuk Garcia*

The Certified Cooperative Specialist (CCS) course at the 2026 MAHC Conference in Cancun provided attendees with valuable insights into cooperative history, industry trends, fair housing, and the practical tools needed to better serve their cooperative communities.

I enrolled in the course to deepen my understanding of housing cooperatives and gain a greater appreciation for how they operate. After two days of instruction, I walked away with not only a stronger knowledge of the cooperative model, but also a deeper respect for the people who dedicate themselves to preserving it.

Led by housing cooperative experts Dino Demare and April Knoch, Esq., the course delivered an exceptional educational experience.

Dino Demare, President of Professional Property Services (PPS), has nearly 40 years of experience in the cooperative housing industry. After attending his first MAHC Conference in 1988, he discovered a passion for the cooperative model and went on to co-found PPS in 1989. His mission has always been to serve communities that were often overlooked by one-size-fits-all management approaches. Today, Dino serves on both the MAHC and NAHC Boards and shared not only his extensive knowledge, but also his passion for cooperative history and the people who make the model successful.

April Knoch, Esq., an associate attorney at Pentiuk, Couvreur & Kobiljak, P.C., led the fair housing portion and legal portion of the course. With more than 20 years of experience in cooperative housing law, corporate governance, landlord-tenant law, FHA and HUD compliance, and state and local taxation, April brought a wealth of practical knowledge to the classroom. As a member of the MAHC Board and the NAHC Board, she continues to be an invaluable resource for cooperative communities through both her legal expertise and educational presentations.

By the time I completed the certification exam, I felt confident that I had not only met my goals for taking the course, but exceeded them. The instructors' expertise, combined with the experience of classmates renewing their certifications, created an engaging learning environment that encouraged thoughtful discussion and collaboration.


*CCS Course materials - 2026 MAHC Conference, Cancun*

# CCS Course - May 2026 Graduates

Thank you to my fellow CCS classmates of May 2026 for your commitment to lifelong learning and to the cooperative movement. Your passion for serving your members is what keeps our communities strong.

If you missed the opportunity to take the CCS course in Cancun, another session will be offered on October 3-4 at Georgetown Cooperative in Taylor, Michigan with a tentative Chicago course offered the following weekend. For more information, contact April Knoch at 773-200-4205.

# USING OPEN AI TO GENERATE LEGAL DOCUMENTS:
## A Warning for Housing Cooperatives, Their Boards, and Their Professionals

*By April E. Knoch, Esq. | Associate Attorney | Pentiuk, Couvreur & Kobiljak, P.C.*

As cooperative attorneys serving housing cooperatives across the United States on both a representative and legal consulting basis, we have started observing a disturbing trend: Board members and management agents increasingly turning to AI platforms such as OpenAI, ChatGPT, CoPilot, Grok, and Claude, to draft legal documents, review attorney work product, and obtain what they perceive as "legal advice"—all in an effort to reduce legal fees. While the appeal of cost savings is understandable, this practice exposes cooperatives to substantial legal, ethical, and practical risks that far outweigh any short-term financial benefits.

All States have laws that strictly prohibit the unauthorized practice of law. For example, in Michigan, under MCL § 600.916, no person may practice law or engage in the law business unless regularly licensed and authorized to practice law in Michigan. Violations constitute contempt of both the Michigan Supreme Court and the circuit court where the violation occurred.

Courts have long recognized that the practice of law extends well beyond courtroom advocacy. The practice of law is the giving of legal advice on a large variety of subjects including the preparation and execution of legal instruments covering an extensive field of business relations and other affairs. This unequivocally includes preparing corporate documents, and creating legal instruments as law practice.

When Board members or management agents use AI to generate amendments to bylaws, occupancy agreement/proprietary leases, create policies, agreements, prepare house rules, collection letters, or other legal documents, they are engaging in the unauthorized practice of law. The fact that an AI tool generated the document will not insulate you from liability because as a non-lawyer, you are still making legal judgments about what provisions to include, how to structure the document, and whether it complies with state and federal law, and your Cooperative's own governing documents.

All states, in one form or another prohibit corporations from practicing law. Michigan law for example, prohibits corporations from practicing law or holding themselves out as entitled to provide legal services. MCL §450.681. When a management company or a Board member uses AI to draft legal documents for the cooperatives it manages or governs, they risk violating this prohibition, particularly if it markets this service as a value-added benefit. By market, we do not necessarily mean publicizing it as a service; by market, we mean telling your clients or fellow Board members you can do it for them when you are not licensed to practice law.

**The Confidentiality Catastrophe: Privilege Lost Forever**

Perhaps the most serious and least understood risk involves the permanent loss of attorney-client privilege and confidentiality. When board members or management agents input confidential cooperative information into AI platforms, they are disclosing that information to a third party—the AI service provider.

The attorney-client privilege protects confidential communications between attorneys and clients made for the purpose of obtaining legal advice. This privilege is the basis of every attorney-client relationship and is intended to encourage full and frank communication between attorneys and clients. However, the privilege is waived when privileged information is disclosed to third parties. Waiver can occur through intentional disclosure, and once waived, the privilege may extend to all communications concerning the same subject matter.

When sensitive cooperative information—financial data, member payment histories, internal disputes, pending litigation strategy, or confidential attorney work product—is uploaded to an AI platform, that information loses its privileged status. This means:

• Opposing counsel in litigation may be able to discover those communications
• Members involved in disputes with the cooperative may access information previously protected
• Regulatory agencies may be able to compel disclosure
• The cooperative cannot invoke privilege to protect those communications in future proceedings

Unlike inadvertent disclosures made during discovery, which may be protected under certain circumstances, uploading confidential information to AI represents an intentional disclosure to a third party. Maintaining confidentiality requires taking reasonable steps to prevent disclosure. Voluntarily providing confidential information to an AI service provider cannot be reconciled with an intent to maintain confidentiality.

Beyond unauthorized practice and confidentiality breaches, all AI platforms like OpenAI, ChatGPT, CoPilot, Claude, and Grok, present a unique and dangerous risk: they hallucinate. In the AI context, "hallucination" refers to instances where these systems confidently generate plausible-sounding but entirely fabricated information—including fake case citations, non-existent statutes, and incorrect legal standards.

AI language models do not "know" the law; they did not go to law school and they most certainly did not take the Bar Exam. AI language models merely predict probable word sequences based on patterns in their training data. When asked a legal question, these platforms often confidently cite cases that were never decided, quote statutory language that was never enacted, or describe legal tests that do not exist. The output appears authoritative—complete with proper citation format and confident legal language—but it may be completely false.

Several recent high-profile cases have exposed this problem. Attorneys have foolishly submitted AI-generated briefs citing non-existent cases faced sanctions and professional discipline. The fabricated citations were sophisticated enough to fool the attorneys themselves until opposing counsel or the court discovered the fraud. For cooperatives, the consequences are equally severe: bylaws amendments and policies based on hallucinated legal requirements, collection letters citing non-existent statutes, agreements which contain unenforceable provisions or place the Cooperative in a worse position, and governance decisions grounded in fabricated case law.

The hallucination risk is particularly acute in specialized areas like cooperative housing law, where the task required combines elements of corporate law, real estate law, and cooperative-specific statutes. AI systems have less training data in these niche areas and are therefore more likely to generate plausible-sounding but incorrect legal advice. A Board member who asks an AI platform about a state's cooperative lien enforcement or occupancy agreement/proprietary lease termination procedures may receive confident, detailed, and utterly wrong guidance.

Likewise, a Board member or management agent that feeds a lawyer's prepared document into an AI platform instead reading the document to question their cooperative attorney's advice is going to get similarly plausible-sounding responses and suggestions to change the document. If you have questions about the legal documents your cooperative attorney prepared for your Cooperative, please call them and discuss your concerns after you have read the document.

Unlike a licensed attorney who can be held accountable for malpractice, an AI platform offers no recourse when its hallucinated advice leads to legal disaster. The cooperative bears the full cost of correcting invalid documents, defending lawsuits and challenges, and remediating the damage caused by reliance on fabricated law. Worse still, your insurance may not even cover the aftermath because you have not relied on a professional to create your Business Judgment Rule buffer.

Board members owe strict fiduciary duties to their cooperatives and fellow shareholders. The law requires directors to discharge their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner they reasonably believe to be in the best interests of the corporation. Many states even make these sacrosanct duties statutory law.

While directors may rely on information from professionals they reasonably believe are competent, an AI platform is not a licensed professional and cannot provide the judgment, experience, and accountability that characterize professional legal services. Board members who substitute AI-generated documents for competent legal counsel risk breaching their fiduciary duties, particularly when those decisions lead to invalid documents, waived privileges, or unauthorized practice violations.

The perceived cost savings of using AI instead of engaging your cooperative attorney is illusory. The expenses incurred to correct defective AI-generated documents, defend against unauthorized practice claims, remediate privilege waivers, or litigate disputes arising from inadequate legal guidance will dwarf any fees saved. More fundamentally, experienced cooperative attorneys bring contextual knowledge of state and federal laws applicable to housing cooperatives, regulatory compliance, and the specific legal issues facing housing cooperatives—expertise no AI can replicate.

Cooperative attorneys serve as trusted advisors who understand the uniqueness legal issues impacting housing cooperatives, the practical realities of cooperative governance, and the long-term implications of legal decisions. This relationship, built on confidentiality and professional responsibility, cannot be replaced by an algorithm.

Board members and management agents should view legal counsel not as a cost center to be minimized, but as essential protection for the cooperative and its members. The risks of AI-generated legal documents are simply too great. The takeaway for us all is that a penny saved today is pounds of foolishness later. The increased legal costs incurred to correct and defend when to do it correct by working with your legal professional from the start will mitigate these potential economic losses. This is the reasonably prudent course of action expected of Board member and their management professionals.

Relying on an AI platform to question your licensed attorney's good counsel does not endear you to your attorney either. To the contrary, it shows you are disinterested in what your attorney is suggesting and plainly stating to him or her that you would rather rely on an unreliable AI language model than someone who has years, sometimes decades, of personal experience.

You can question the counsel given you, but you cannot direct your cooperative attorney how to practice and feeding your attorney AI suggestions is essentially doing just that. It erodes trust in the relationship and could leave you in a worse off position.

AI is fun until it isn't. Don't use your position in your own Cooperative to be used as another statistic. Always use your cooperative attorney. The risks and costs otherwise are simply too great.

-April E. Knoch. Esq.
Associate Attorney
Pentiuk, Couvreur & Kobiljak, P.C.

# 21st Century ROAD to Housing Act Becomes Law, Delivering New Opportunities for Housing Cooperatives

The 21st Century ROAD to Housing Act, a comprehensive bipartisan housing package aimed at increasing the nation's housing supply, improving affordability, promoting energy efficiency and resilience, supporting adaptive reuse, and encouraging housing development, is now law.

After months of negotiations, the Senate passed the final legislation 85-5 on June 22, 2026, and the House approved it 358-32 on June 23. The legislation was then sent to President Trump. Although President Trump declined to sign the bill, he also did not veto it, and the legislation became law on July 11, 2026, under the constitutional process governing presidential inaction. The measure is now Public Law 119-101.

Several provisions of the new law are particularly relevant to housing cooperatives and other models of long-term affordable homeownership.

One significant provision is the Whole-Home Repairs Act (Section 202), which establishes a HUD pilot program to help states and local governments support repairs for low- and moderate-income households. Eligible activities include energy-efficiency improvements, weatherization, accessibility modifications, and health and safety repairs. The program is intended to help preserve existing housing while improving its quality, safety, and efficiency.

The RESIDE Act—Revitalizing Empty Structures Into Desirable Environments (Section 210)—creates a pilot program within the HOME Investment Partnerships framework to convert vacant and abandoned commercial and industrial properties, including warehouses, factories, malls, strip malls, and hotels, into attainable housing. Eligible activities can include acquisition, rehabilitation, weatherization and energy-efficiency improvements, health and safety repairs, and site preparation. The law also expressly recognizes the establishment, maintenance, and expansion of community land trusts and housing cooperatives as eligible uses associated with these conversions.

The legislation also strengthens existing pathways for cooperative and community land trust homeownership. Under amendments to the HOME program, HUD may permit participating jurisdictions to allow a community land trust, housing cooperative, or community development corporation to acquire certain HOME-assisted housing in order to preserve affordability, facilitate ownership by qualified buyers, complete necessary rehabilitation, or add subsidies to maintain affordability. These provisions provide additional federal recognition of cooperative and shared-equity models as tools for preserving affordable homeownership over the long term.

The Innovation Fund (Section 208) creates a competitive grant program designed to reward local governments and Tribal entities that demonstrate innovative policies and measurable improvements in housing supply. HUD is authorized to make at least 25 grants annually, generally ranging from $250,000 to $10 million, subject to available funding. The program is intended to encourage communities to adopt policies and practices that make it easier to produce more housing.

The law also includes the Housing Supply Frameworks (Section 107), directing HUD to develop best-practice frameworks related to state and local zoning and land-use policies. The provision does not give HUD authority to mandate or preempt local zoning decisions. Instead, it is intended to provide communities with information and models they can use to identify and address barriers to housing production. HUD is required to publish draft guidelines and establish a task force within two years of enactment.

Another major component of the legislation is the Reforming Disaster Recovery Act (Section 504), which was ultimately included in the final package. The law formally authorizes HUD's Community Development Block Grant–Disaster Recovery (CDBG-DR) program for three years and establishes a Long-Term Disaster Recovery Fund. It also creates an Office of Disaster Management and Resiliency within HUD and requires new procedures intended to make disaster recovery assistance more predictable, coordinated, and responsive to the housing needs of disaster-affected communities.

With the legislation now enacted, the focus shifts from congressional negotiations to implementation. HUD and other federal agencies must carry out dozens of statutory requirements, including new grant programs, regulatory changes, studies, reports, and guidance. Some deadlines begin immediately; for example, HUD's Community Planning and Development office is required to issue a notice regarding CDBG-DR formula allocation methodologies within 30 days of enactment. Other provisions, including zoning guidance and point-access building guidance, will be implemented over the next several years.

For housing cooperatives, community land trusts, and other organizations focused on long-term affordable homeownership, the new law represents an important federal acknowledgment of alternative ownership models as part of the nation's broader housing strategy. While many of the law's benefits will depend on federal implementation, appropriations, and participation by state and local governments, the legislation creates new opportunities to preserve existing housing, repurpose vacant properties, expand housing supply, and support models that keep homes affordable for future generations.

MAHC will continue monitoring implementation of the 21st Century ROAD to Housing Act, with particular attention to provisions that expand opportunities for housing cooperatives, strengthen long-term affordable homeownership, and support the preservation and creation of housing in communities across the country.

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# 2026 MAHC CONFERENCE AWARDS






# 2026 MAHC CONFERENCE AWARDS






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# ROCHDALE PRINCIPLES

People coming together to work toward the betterment of society. During the 19th century. the Industrial Revolution created tremendous upheaval, often to the detriment of workers.
What required many hours of hand-skilled labor now took half the time with machines. Hand weavers were one of the groups who suffered the most as looming machines and textile facto-Fries could turn out products and materials faster than traditional hand weavers. A group of i tradespeople and weavers, said "nough" and formed their own organization, developing their : guiding principles which became the foundation of the cooperative movement and these princi-iples are still in use today, with some minor modifications.

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1. **Voluntary and Open Membership**-Membership is open to all individuals free from discrimination
2. **Democratic Member Control**-equal votes for members-one member/one vote
3. **Members' Economic Participation**-Maintaining economic cooperation through equita ble contribution and sharing of economic responsibilities and benefits
4. **Autonomy and Independence**-Cooperatives exist as autonomous organizations owned by their members
5. **Education, Training and Information**-Helps members increase productivity
6. **Cooperation Among Cooperatives**-Working with fellow cooperatives at the local, state and national level
7. **Concern for Community**-Looking after members of the community

# OUR MISSION STATEMENT

To support and champion the cause of quality housing through education, legislative actions, partnership, and advocacy for Housing Cooperatives

# Resources

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www.mahc.coop

10882 Beech-Daly Rd.,
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National Coop Law Center:
www.nationalcooperativelawcenter

National Association of Housing Cooperatives:
www.nahc.coop

Direct Learning:
Contact the MAHC office for more information about on- site training opportunities!