

United States Securities and Exchange Commission
Washington, D.C. 20549

Part II of Form 1-A,
 Regulation A Offering Circular
 under the Securities Act of 1933

**EAST BAY PERMANENT REAL ESTATE
 COOPERATIVE, INC.**

A California Cooperative Corporation

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 Oakland, California 94612
 (650) 743-6974
<https://ebprec.org>

Number of securities being sold: 50,000
 Price per Share: \$1,000.00

This Preliminary Offering Circular relates to the offering (the “Offering”) of Investor Owner Shares (“Shares”) by East Bay Permanent Real Estate Cooperative (the “Cooperative” or “EB PREC”). The Cooperative intends to use these funds to facilitate Black, Indigenous, People of Color, and allied communities in cooperatively organizing, financing, purchasing, occupying, and stewarding properties, taking them permanently off the speculative market, creating community controlled assets, and empowering our communities to cooperatively lead a just transition from an extractive capitalist system into one where communities are ecologically, emotionally, spiritually, culturally, and economically restorative and regenerative.

	Price to Public	Proceeds to Issuer	Proceeds to Other Persons
Price per Share	\$1,000	\$1,000	\$0
Total Minimum	\$0	\$0	\$0
Total Maximum	\$50,000,000	\$50,000,000	\$0

See the “Securities Being Offered” section starting on page 22 of this Offering Circular for a discussion of the securities offered and the rights of Investor Owners. The start date of the offering will be within two days of receiving qualification by the Securities and Exchange Commission, which we expect to be around the end of September, 2020. This is a continuous offering and will likely continue for up to three years, unless we terminate the offering sooner.

These Shares are speculative securities. Investment in the Shares involves significant risk. You should purchase these securities only if you can afford a complete loss of your investment. **Significant risks arise from the fact that:**

- EB PREC is not a profit-oriented company; it’s a community-oriented company. No Share purchaser will ever get a profit windfall from this investment.
- You can’t sell your Shares to others. You can only redeem them with the Cooperative.
- You generally cannot redeem the Shares in the first 5 years after purchasing them.
- When you redeem the Shares, instead of receiving cash, you may receive a promissory note, payable over up to 5 years.
- The Board may reduce the redemption value of the Shares and promissory notes based on the financial health of the company.

See the “Risk Factors” section starting on page 5 for a discussion of the risks.

The United States Securities and Exchange Commission does not pass upon the merits of or give its approval to any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering circular or other solicitation materials. These securities are offered pursuant to an exemption from registration with the Commission; however, the Commission has not made an independent determination that the securities offered are exempt from registration.

An offering statement pursuant to Regulation A relating to these securities has been filed with the Securities and Exchange Commission. Information contained in this Preliminary Offering Circular is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted before the offering statement filed with the Commission is qualified. This Preliminary Offering Circular shall not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sales of these securities in any state in which such offer, solicitation or sale would be unlawful before registration or qualification under the laws of any such state. We may elect to satisfy our obligation to deliver a Final Offering Circular by sending you a notice within two business days after the completion of our sale to you that contains the URL where the Final Offering Circular or the offering statement in which such Final Offering Circular was filed may be obtained.

Generally, no sale may be made to you in this offering if the aggregate purchase price you pay is more than 10% of the greater of your annual income or net worth. Different rules apply to accredited investors and non-natural persons. Before making any representation that your investment does not exceed applicable thresholds, we encourage you to review Rule 251(d)(2)(i)(C) of Regulation A. For general information on investing, we encourage you to refer to www.investor.gov.

EB PREC may limit this offering or offering amounts in certain states where restrictions may apply to the offering of securities in such state, or where EBPREC has limited the offering in any particular state for any other reason.

For more information, see the “Limitations On Amount A Non-accredited Investor Can Invest” section starting on page 25.

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SUMMARY OF THE OFFERING

This summary highlights information contained elsewhere in this Offering Circular. **This summary is not complete** and does not contain all of the information that you should consider before investing in the Shares. **You should carefully read this entire document**, especially the “Risk Factors” section, which discusses risks associated with investing in the Shares.

Key Things to Know About This Offering

FOR WHOM

This offering is for any person 18 and older, organization, or business in the United States that commits to the Mission and Points of Unity in EB PREC’s Bylaws.

WHAT

The offering is the opportunity to purchase Investor Owner Shares at \$1,000 per Share.

WHEN

This is a continuous offering that will begin when we receive qualification from the Securities and Exchange Commission and will likely continue for up to three years, unless we terminate the offering sooner or renew the offering.

USE OF FUNDS

Funds raised will be used to acquire, rehabilitate, build, and steward real estate in the East San Francisco Bay Area of California.

MAXIMUM OFFERING

Under this offering, EB PREC will sell a maximum of \$50,000,000 in Shares (50,000 Shares).

MIN. AND MAX. INVESTMENT AMOUNTS

The minimum investment amount per person is one Share (\$1,000) and the maximum is dependent on individual factors described later in this document.

REDEMPTION AND DIVIDENDS

When an Investor Owner requests redemption of Shares, EB PREC’s goal is to repay the principal of the investment, along with dividends on Shares accruing and compounding at a rate of approximately 1.5% per year. EB PREC may also choose to pay dividends prior to redemption.

LIMIT ON REDEMPTION

Investors may not redeem their Shares until after a minimum of five years, unless the Board makes an exception to this rule.

LIMITED TRANSFERABILITY

Investors may not transfer shares to others. They may only be redeemed with the Cooperative.

GOVERNANCE RIGHTS

This is a Cooperative, meaning that Owners get only one vote each, regardless of their number of Shares

RISK FACTORS

Fluctuation of property values could create challenges.

RISK

EB PREC seeks to decrease volatility and price in the housing market by permanently taking property off the speculative market. However, as EB PREC grows, the speculative markets will continue to conduct business as usual. If property values rise, EB PREC may be priced out of certain areas, or be forced to commit greater financial resources to maintaining or expanding its holdings. Alternatively, EB PREC's assets could lose value if surrounding property values decrease. Either of these scenarios could limit future leveraging opportunities or dividends.

MITIGATION EFFORTS

EB PREC will mitigate these risks by:

- Diversifying property types and locations,
- Negotiating property purchases before they are put on the market, and
- Advocating for public policies that stabilize markets and make real estate more affordable to organizations like EB PREC.

Loss of key personnel or collaborators could pose challenges for EB PREC.

RISK

The success of EB PREC depends on the skills, experience, and performance of key staff, directors, and collaborators. The Cooperative's success also depends on its ability to recruit, train, and retain qualified staff.

MITIGATION EFFORTS

Policies and practices that mitigate this risk include:

- Under the Bylaws, EB PREC is mandated to **spread power** among all types of Owners (Bylaws pp. 7-38). The vision is for EB PREC to grow more decentralized over time, allowing EB PREC to rely less and less on central staff and organizers.
- Similarly, the Bylaws mandate "a non-hierarchical workplace that **distributes power to all workers**" (Bylaws p. 29).
- EB PREC gives careful attention to matters of **culture, community-building, and conflict engagement**, with the goal of meaningfully attracting and engaging people to work with and lead the work of the Cooperative.

"The activities of the Cooperative will therefore be spread out among small semi-autonomous groups that will be accountable to the whole.

[...]

We prioritize decentralized governance because it builds people power, creates resiliency, and fosters a strong sense of community ownership, activating people to protect and steward land in the long-term."

Bylaws p. 7

Control of EB PREC may change over time.

RISK

EB PREC's success depends on its being controlled by responsible and accountable parties, so a change in control could create problems. The number and type of Owners will vary over time, changing the power of different types of Owners.

MITIGATION EFFORTS

The Bylaws are designed to reduce concentration or stagnation of power, undue influence, and mission drift.

- Every Owner gets only one vote, regardless of the number of Shares they hold. This means that **power cannot be bought**.
- The Bylaws contain **checks and balances**, including provisions for oversight of Staff, and removal of Staff, Directors, and Owners.
- The **mission and vision is safeguarded** by Vision Protectors (Bylaws p. 38). All Owners must agree to, and act in a manner consistent with, the Mission and Points of Unity in the Bylaws (pp. 5-6).

WHO CONTROLS THE BOARD?

- 5 Board seats are elected by Owners.
 - Investor Owners vote in the election of 2 Directors.
 - 3 Board seats are appointed by local organizations.
- See Bylaws pp. 17-21

EB PREC will have limited liquidity.

RISK

Real estate is a relatively illiquid asset, meaning it is not easily converted to cash. Further, the Bylaws **intentionally create barriers to liquidating Cooperative assets** (see Bylaws pp. 56-57). These factors, combined with commitments to paying living wages (Bylaws pp. 41-42) and distributing surplus returns (Bylaws pp. 45-47), mean that **EB PREC will typically be "cash poor."** This may impact the Cooperative's ability to distribute dividends and return principal to Investor Owners.

MITIGATION EFFORTS

EB PREC will mitigate this risk by:

- Keeping some reserves in liquid investments,
- Developing partnerships with financial institutions that facilitate liquidity
- Refinancing properties to access cash when needed, and
- Giving Investor Owners the option to not to receive dividends.

Tenants' economic distress could affect the Cooperative's financial stability.

RISK

EB PREC is creating permanently affordable real estate and working to reduce displacement. When tenants cannot make required payments to EB PREC, EB PREC plans to seek alternatives to eviction, such as by providing grace periods, offering payment plans, and seeking other creative solutions to support tenants. Many of EB PREC's target residents are already experiencing economic distress due to systemic discrimination and oppression. Therefore, EB PREC may elect to not use conventional credit histories or other traditional metrics in the selection of tenants, which may increase the risk of non-payment by tenants.

The global pandemic also means that many tenants will lose income. In choosing tenants, we do not plan to discriminate based on their sources of income or line of work, as it relates to potential to lose income.

MITIGATION EFFORTS

EB PREC is working to mitigate the above by:

- Building community ties among Owners so that they may provide mutual aid and support one another's financial success, and
- Partnering with enterprise incubators and technical assistance providers to help ensure the success of commercial tenants.

Interest rate fluctuation and inflation could affect the financial stability of EB PREC.

RISK

EB PREC will be impacted by general economic and market conditions, such as fluctuating interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws.

The rate of return applicable to Investor Owner Shares is fixed at between 0%-5%. Fluctuations in market interest rates may have an adverse effect on EB PREC's ability to redeem Shares at the purchase price or at all, or to declare dividends. Should commercial interest or inflation rates rise, the Cooperative is not legally obligated to pay a higher rate or to redeem Shares prior to their maturity.

EB PREC will have increased administrative demands as a result of this offering.

RISK

The Cooperative will spend more money on administrative capacity as a result of making this offering. Under federal securities laws, EB PREC will have to file regular reports with the Securities and Exchange Commission and generally work to keep investors informed.

MITIGATION EFFORTS

EB PREC works to mitigate these costs by:

- Avoiding unnecessary "legalese" and irrelevant boilerplate language in documents, so that EB PREC is not overly reliant on high-cost professionals, and
- Avoiding unnecessary administrative and bureaucratic procedures.

This is a long-term investment and you can't transfer your shares to others.

RISK

You should consider an investment in the Cooperative only as a long-term investment. The **minimum investment period is 5 years**, with only some exceptions allowed by the Board (see Bylaws pages 11 and 51).

Further, **when you redeem the Shares, EB PREC may not be able to pay you immediately**, but may give you a promissory note for amounts due, payable over up to 5 years (see Bylaws page 48).

In addition, **you may not transfer your Shares to others**. You may only redeem them with the Cooperative (see Bylaws pages 11, 48, and 51).

Federal and state securities laws also limit the transferability of Shares.

EB PREC may never be able to return your investment or pay dividends.

RISK

EB PREC cannot assure that Investor Owners will gain a substantial return on investment, or any return at all, or that an Investor Owner will not lose a substantial portion or all of the investment.

MITIGATION EFFORTS

To reduce the risk of loss for Investor Owners, we aim to pay for our full operational and staffing costs with grants for the next 2-4 years. This means that a significant portion of proceeds from this offering will be used to purchase capital assets, which will eventually generate a stream of income.

In addition, by bringing in hundreds or thousands of Investor Owners—most from our East Bay community—we are creating a base of support of people who are financially and emotionally invested in the success of EB PREC. We believe this will help ensure we have a community of support if ever we face challenges. Repaying Investor Owners is an important part of our model, because we are passionate about proving that it's possible to finance real estate using community-sourced financing, rather than conventional mortgages.

EB PREC could face legal compliance problems or lawsuits.

RISK

The Cooperative must comply with local, state, and federal rules and regulations to continue to provide Shares. The Cooperative believes that it complies with the rules and regulations with which it is required to comply. If the Cooperative fails to comply with a rule or regulation, it may be subject to fines, or other penalties, or its permit or licenses may be lost or suspended. Furthermore, the Cooperative may be subject to lawsuits if it operates in breach of the law. The Cooperative may have to stop operating and its Investor Owners may lose their entire investment.

MITIGATION EFFORTS

To mitigate this risk, the Cooperative has engaged a legal team from the Sustainable Economies Law Center and entered into a **pro bono legal services** agreement that lasts until the end of 2021.

EB PREC could terminate the offering early.

RISK

The Cooperative intends to receive investments on a continuous basis, but also has the right to terminate this share offering at any time, regardless of the amount of capital raised. There is no assurance that other people will invest in this offering, and there is no obligation for EB PREC to refund investments in the event that the offering ends early.

MITIGATION EFFORTS

As its name suggests, East Bay *Permanent* Real Estate Cooperative is designed to become a permanent asset in our communities. By building a base of hundreds of members and supporters, EB PREC seeks to grow from a solid foundation, raising capital continuously and removing hundreds or even thousands of properties from the speculative market. Selling shares to Investor Owners provides EB PREC with low-cost financing which is essential to creating permanently affordable housing. As such, it is somewhat unlikely that EB PREC would terminate this offering early.

EB PREC may not raise sufficient financing.

RISK

The Shares are being offered by the Cooperative on a “Best Efforts” basis. The Cooperative can provide no assurance that this Offering will raise substantial financing. Further, the Cooperative may be unable to secure additional loans or grant funding at the level shown in its projections or at all.

If less than \$2 million is raised, the Cooperative’s business plans and prospects for the coming year could be adversely affected or may need to be revised accordingly.

MITIGATION EFFORTS

As described later in this document, EB PREC is contemplating multiple property acquisitions ranging from low-cost to high-cost, meaning that EB PREC has the flexibility to focus on different acquisitions depending on the amount raised in this offering. Regardless of the amount raised, it is likely that funds will be deployed for one or more acquisitions, which will eventually generate income for EB PREC.

EB PREC may revise the use of proceeds.

RISK

It is possible that EB PREC management will revise the use of the proceeds to be responsive to changes and opportunities. Management will have significant flexibility in applying the net proceeds of this offering within the scope of the business of the Cooperative. The failure of management to apply such funds effectively could have a material adverse effect on the Cooperative’s business and financial condition.

Investors may have unforeseen tax consequences.

RISK

Shares purchased are investments and not donations. Investors will not receive a charitable tax deduction for purchasing Shares.

Dividends earned on the Shares will likely be taxable to the Investor, regardless of whether they are paid by check or reinvested in the Cooperative.

The Cooperative and its officers, directors, and any other professional advisors do not provide advice or information about any tax consequences of any investment in the Cooperative. Each prospective Investor Owner should seek tax advice about the tax consequences of an investment in the Cooperative.

This document contains forward-looking statements and financial projects, and they could be totally wrong.

RISK

Financial projections provided in this document and elsewhere are based upon assumptions that the management of the Cooperative believes to be reasonable. However, given all of the risks summarized above and other unpredictable factors impacting the Cooperative, the projections should be viewed merely as financial possibilities and not as a prediction or guarantee of future performance.

Specifically, this document contains forward-looking statements (a term defined in Section 27A of the Securities Act), which tend to include words like “believe,” “may,” “will,” “could,” “would,” “plan,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “hope,” or the negative or plural of these words or similar expressions. With these statements, we aim to project our revenues, income or loss, capital expenditures, business relationships, financing, property acquisitions, and plans for future operations. Such statements are based upon management’s current expectations, beliefs, and assumptions about future events, and therefore involve a number of risks and uncertainties.

You should not rely upon forward-looking statements as predictions of future events. Except as required by law, neither the Cooperative nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. The Cooperative undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this Offering Circular to conform these statements to actual results or to changes in its expectations.

You should read this Offering Circular and all related documents with the understanding that the Cooperative’s actual future results, performance, events, and circumstances may be very different from what the Cooperative expects.

Dilution

Since the formation of the Cooperative, Investor Owner Shares have been sold for \$1,000 per Share, and this price will remain the same for the duration of the present offering. No Owner, Director, or Officer has purchased a Share for less than \$1,000.

When EB PREC sells more Investor Owners shares, or when EB PREC brings in Resident Owners, Community Owners, Staff Owners, or additional Investor Owners, there is likely no immediate impact on the financial rights of each Investor Owner. However, various factors could result in a reduction of financial return for Investor Owners. The number of Investor Owner Shares sold could impact the financial strength or weakness of EB PREC overall, which could either positively or negatively impact the likelihood that an Investor Owner will be able to redeem their shares and receive dividends in full. Further, when EB PREC has any financial obligations to certain creditors or Resident Owners, payments to those creditors and Resident Owners will be prioritized and paid first, before paying obligations to Investor Owners. As such, when an Investor Owner redeems their share, when they exchange a share for a promissory note, or when they receive payments on liquidation of the Cooperative, it is possible that they will receive less money than expected. Further, the Board of Directors has the discretion to reduce payments on all outstanding Investor Owner Shares and on promissory notes held by former Investor Owners if the Board believes that full payment would threaten the financial health of the Cooperative. (See Bylaws pages 48, 51, and 53.)

ABOUT THE COOPERATIVE: Description of Business and Activities

East Bay Permanent Real Estate Cooperative, Inc. is a California Cooperative Corporation. In this document, we also refer to it as “East Bay Permanent Real Estate Cooperative” or “EB PREC” and the terms “we,” “us,” “our,” “Cooperative,” “management,” or similar terms.

Mission and Background

East Bay Permanent Real Estate Cooperative’s mission is to facilitate Black, Indigenous, People of Color, and allied communities to cooperatively organize, finance, purchase, occupy, and steward properties, taking them permanently off the speculative market, creating community controlled assets, and empowering our communities to cooperatively lead a just transition from an extractive capitalist system into one where communities are ecologically, emotionally, spiritually, culturally, and economically restorative and regenerative.

We were formed in recognition that the Bay Area’s vibrant, diverse communities are rapidly being displaced. Once comprising nearly 50% of Oakland, California, African Americans are now only 27% of the city. From 2007 to 2012, there were 10,000+ foreclosures in Oakland, the vast majority impacting people of color. Similar stories are unfolding across the country. We believe the only way to disrupt this pattern is to center communities of color in leading a just transition that conserves cultural assets and permanently protects land from speculative markets.

Approach

We’ve created an approach to stabilizing and preserving the heritage of our community through a participatory model of real estate acquisition and neighborhood development. Our model of real estate development is grassroots-led, rather than top-down. EB PREC engages everyday people in organizing, financing, acquiring, and stewarding land and housing.

EB PREC’s staff supports and provides technical and financial assistance to groups of community members who coalesce around the acquisition of properties, including homes, multi-unit buildings, land, cultural spaces, and commercial properties. The group (referred to by EB PREC as an “organizing group”) then organizes neighbors and other community members to support the project by becoming Owners of EB PREC. When people purchase Investor Owner shares, this provides financing to help EB PREC purchase the property. Financing from Investor Owners will often be combined with other forms of financing, like loans from community banks or credit unions.

EB PREC then acquires title, **permanently protecting the property from the speculative market**, while delegating the governance of the property to small democratic groups of residents. EB PREC collaborates with residents to set rents – not for the purpose of generating profit – but with the goal of **keeping real estate affordable by operating at-cost and allowing residents to build equity**. The rents are calculated with the goal of covering the financing, acquisition, and operational costs of each project. The intention is for surplus income to build equity for and be returned to residents.

Primary Activity

EB PREC's primary business activity is to buy, rehabilitate, steward, and manage real estate, while sustaining EB PREC's operations with rental income from the properties. EB PREC's unique model of development engages community members and local organizations in the visioning and planning process for each property, meaning that each property has a group of people personally "invested" in the success of the project.

While the real estate market is cyclical and can be unpredictable, EB PREC is uniquely situated to reduce risk in our portfolio over time for various reasons.

- By co-managing our properties with EB PREC's resident-owners, we are likely to have lower turnover, better property upkeep, and be able to better anticipate and proactively address problems through active communication and relationship building with residents.
- The Cooperative is building strong relationships with local community land trusts, affordable housing developers, and housing rights organizations. These partnerships will help us access skills, professional expertise, financing, and economies of scale.
- Our model is designed to allow residents to build equity over time, but we do not tie this equity to market fluctuations, since this would lead to significant financial unpredictability and burdens for the Cooperative when we pay out equity to residents.

Secondary Activities

EB PREC has taken on secondary business activities, most emerging from the deep connections EB PREC has built with local government, community members, and organizations, in order to carry out its mission. EB PREC's secondary activities include:

EDUCATION

EB PREC has contracted with and been paid by both Sustainable Economies Law Center and Northern California Land Trust (NCLT) to develop educational curriculum, classes, and events related to community stewardship of land and housing. For example, NCLT has hired EB PREC to develop and host a resident training program for the Co-op 789 real estate project described elsewhere in this document.

COMMUNITY EVENTS

EB PREC hosts many community gatherings, discussions, book clubs, and other events (all happening online since the onset of the pandemic). These community events create a small income stream to the Cooperative, because they grow the number of EB PREC's Community Owners, who make regular financial contributions to EB PREC.

PUBLIC SPEAKING

EB PREC has received a small stream of earned income in the form of fees and honorariums for public speaking events.

TECHNICAL ASSISTANCE AND CONSULTING

Staff of EB PREC are currently providing in depth technical assistance to local organizations with similar or overlapping goals, including the East Oakland Grocery Cooperative, Oakland's Black Cultural Zone, and Alena Museum. In addition, EB PREC staff have done paid consultations with groups outside of the Bay Area, such as a real estate project in Montreal seeking to model itself off EB PREC, and a consultation in Jackson Mississippi with New West Jackson Cooperative. Finally, EB PREC is receiving a small amount of income for consulting work with the City of Oakland as the City develops a program to support low income homeowners to obtain loans and navigate the permit and construction process in order to create more affordable housing stock in Oakland.

COALITION-BUILDING

EB PREC staff is active in many local and regional housing justice organizations and coalitions, including Right to the City, Homes for All CA, the People's Land and Housing Alliance, and the Oakland Property Acquisition Collaborative.

Staffing and Support

CURRENT STAFFING AND SUPPORT

The Cooperative currently has 4 part-time employees and 2 part-time contractors. In addition, the Sustainable Economies Law Center employs 6 people who work part-time to support with EB PREC's development and legal needs, in addition to Noni Session, who is employed full-time to support the work of EB PREC and related education and organizing, under a project fiscally sponsored by the Law Center, called Collective Action and Land Liberation Institute. The details of the Law Center's commitments to EB PREC are provided in the attached Legal Services Agreement and Incubation and Technical Support Agreement.

HIRING PLANS

EB PREC is planning to hire in the second half of 2020, bringing on an Investment and Fundraising Director to ensure that this offering is a success, and to expand our communications and organizing team as well so we can respond to the changing needs of the community throughout COVID-19 and the coming recession.

What is Unique About EB PREC's Corporate Structure?

EB PREC is a California Cooperative Corporation, which is described in the California Corporations Code sections 12200 to 12704. According to section 12201 of the Code, "such corporations are democratically controlled and are not organized to make a profit for themselves, as such, or for their members, as such, but primarily for their members as patrons." As such, Investor Owners should not view the purchase of Investor Owner Shares as an opportunity to profit in the way that investors in conventional stock corporations might. Rather, Investor Owners are providing low-cost capital to support the work EB PREC does for the community, staff, and residents.

Structure and Governance

EB PREC has a unique legal, governance, and financial structure that is best understood by reading our cartoon Bylaws, attached to this document. We have written these Bylaws with the goal that all Owners read, understand, and feel empowered by our structure.

Unlike a conventional housing cooperative, which is formed to provide housing to a defined group of residents, EB PREC could be described as a "movement cooperative," because it is designed not only to provide housing and affordable real estate, but also to build a large membership base and serve members' collective goal to transform our neighborhoods and our systems for land ownership.

To this end, EB PREC has 4 categories (or "classes") of Owners (or "members"), each with different rights, qualifications, responsibilities, and ways of participating in EB PREC:

1. Community Owners
2. Investor Owners
3. Resident Owners
4. Staff Owners

The securities being sold through this offering enable people to become Investor Owners. To understand the role of Investor Owners in relation to other Owner categories, please read our Bylaws.

HISTORY AND DEVELOPMENT OF THE COOPERATIVE

The East Bay Permanent Real Estate Cooperative was incorporated in 2017 after nearly one year of meetings and planning by the People of Color Sustainable Housing Network (“POCSHN”) and Sustainable Economies Law Center (“Law Center”). This section provides a timeline of its development and evolution.

2016: Visioning and Planning

Growth of People of Color Sustainable Housing Network (POCSHN): POCSHN was founded in 2015 and, by early 2016, had grown into a network of more than 1,000 community members who joined a MeetUp group, attended events, and/or subscribed to the group’s newsletter. Among other things, this group sought to learn about models of collective land ownership that could combat displacement of people of color in the East Bay.

Development of the “permanent real estate cooperative” model by Sustainable Economies Law Center (“Law Center”): The Law Center, founded in 2009, had, by 2016, become frustrated with the practical and legal limitations of current models for development of affordable housing. Law Center staff drafted a concept piece proposing a new model called the “permanent real estate cooperative.”

Joint monthly planning meetings: After POCSHN attended one of the Law Center’s legal clinics, the two organizations began in April 2016 to meet monthly to plan the formation of a permanent real estate cooperative, gathering feedback from POCSHN members and refining the envisioned legal and financial structure.

2017: Incorporation and Development

Incorporation and Board: EB PREC was incorporated as a California Cooperative Corporation on February 27, 2017, simple Bylaws were adopted, and a 3-member Board of Directors (Marissa Ashkar, Lina Buffington, and David Jaber) was appointed to steward EB PREC’s development.

Community meetings and working groups: Twice per month from July to December, 2017, EB PREC hosted public meetings to gather feedback from community members on topics such as mission, vision, values, property selection, fundraising, and governance. Small working groups were formed and met separately on topics such as governance, finances, education, and partnerships.

Grants and support staff: Two grants secured by the Sustainable Economies Law Center (from Full Circle Fund and Christensen Fund) enabled EB PREC to pay stipends to two individuals, Marissa Ashkar and Lina Buffington, to carry out work that included event planning, communications, and administration.

2018: Staffing, Funding, and Launch

Staff Collective: From the working groups formed in 2017, a group of four core leaders emerged (Marissa Ashkar, Noni Session, Ojan Mobedshahi, and Shira Shaham), and in early 2018, the Board formally appointed all four to comprise EB PREC’s first staff collective, along with Gregory Jackson, a staff member of Sustainable Economies Law Center.

Loan and donations: In a competitive process, EB PREC was chosen in early 2018 as a recipient of a \$100,000 loan accompanied by technical assistance from the Force for Good Fund. EB PREC and the Law Center also obtained \$11,000 in other donations to support EB PREC's staffing and operations.

Innovation Award: The Law Center received a competitive \$25,000 Cooperative Innovation Award from Capital Impact Partners for the incubation of the EB PREC. The Law Center paid the full award to EB PREC to support staffing and operations.

Structure: EB PREC staff worked closely with the Law Center and consultants from LIFT Economy to refine EB PREC's legal, governance, operational, and financial structures, adopting comprehensive graphic Bylaws in December of 2018.

Launch and first 80 members: On December 5, 2018, EB PREC held a launch event and had our first 80 members pledge their commitments to EB PREC. By December 17, 2018, EB PREC accepted payment from both Investor Owners (those purchasing \$1,000 Investor Owner Shares) and Community Owners (those making donations of \$10 per week, month, or year).

Project planning: In late 2018, EB PREC began meeting and forming partnerships with two local land trusts to plan its first two real estate projects.

2019: Projects and Funding

Real estate projects: Throughout 2019, EB PREC organized with community members to explore more than a dozen potential properties, one of which, Co-op 789, was acquired in partnership with NCLT in May 2019. Significant current and planned real estate projects are described later in this document.

Education, events, and relationships: Throughout 2019, EB PREC staff attended dozens of meetings per week, spoke at conferences, held workshops, discussions, and other events to build community and orient and engage Owners, and deepened relationships with many local residents and organizations.

Membership and financing: By the end of 2019, EB PREC's membership had grown to 70 Community Owners and 153 Investor Owners, 4 of whom invested a cumulative additional \$64,000 (in addition to their initial \$1,000 Shares) through a California-only private offering in the fall of 2019, which also included a \$25,000 loan from another Owner. Some Investor Owners have set up payment plans to purchase their share in installments, and have not yet purchased their shares in full. In sum, EB PREC raised \$200,300 in capital from Owners.

Grants and donations: EB PREC partnered with Sustainable Economies Law Center to secure a handful of grants, including from Solidaire, Chan Zuckerberg Initiative, Chrysalis Fund, Roddenberry Foundation, and Threshold. EB PREC received a direct grant from the Center for Cultural Innovation.

Capacity building: In 2019, EB PREC brought in 3 new staff members and had its first summer intern, and onboarded two new board members who were appointed by the East Oakland Collective and Sogorea Te Land Trust, to ensure indigenous and black representation and wisdom on the Board. EB PREC was invited to join various coalitions including Homes 4 All and the People's Land and Housing Alliance, deepening our roots in the organizing community. EB PREC worked with LIFT Economy and Fortify Community Health to end the year with a strategic planning retreat.

2020: New Projects, Growth, and Collaborations

Completion of first independent property acquisition: in May of 2020, EB PREC received a donation of a 4-bedroom home in Berkeley, which we refer to as Prince Street Project, described further below.

New real estate projects: Having partnered with other local organizations, EB PREC initiated several new real estate projects, described below in the Description of Properties and Real Estate in Development. One project, not described below, was a majority Black cooperative triplex in Oakland known as “Chateau L’Orange,” for which EB PREC was approved to receive an affordable housing subsidy from the City of Oakland, through Measure KK. While the seller ultimately withdrew from the deal and the project is no longer moving forward, the process laid significant groundwork for further collaboration with the City of Oakland, as described below.

Continued incubation by Sustainable Economies Law Center: As of July 2020, Sustainable Economies Law Center has received and is holding \$568,164 in funds for the incubation of EB PREC. Some of these funds will be spent to pay Law Center staff who work to develop EB PREC (including Noni Session), while most of it will eventually be paid to EB PREC to advance EB PREC’s development, which furthers the Law Center’s charitable purposes. Separately, the Law Center coordinates a team of legal support providers for EB PREC, including an additional 20 hours per week in staff attorney time, and anywhere from 10 to 30 hours per month of pro bono legal support.

EB PREC is working with the City of Oakland on three initiatives:

- **Transformative Climate Communities:** EB PREC partnered with the City and various other community groups, including the Black Cultural Zone, Planting Justice, Scraper Bikes, Hood Planners, and more, to apply for a \$28 million dollar grant to support various programs in East Oakland. The grant was awarded to the City of Oakland and includes approximately \$150,000 per year for 5 years for EB PREC to do displacement avoidance organizing in East Oakland, and an additional \$40,000 to directly support the development of ADUs. This work should begin between October 2020 and January 2021.
- **ADU Kitchen Table:** EB PREC has been invited by the City of Oakland to sit on a “Kitchen Table” committee that is helping review applicants and select a contractor who will best represent the needs of the community in an City of Oakland RFP process to develop an affordable housing ADU program.
- **Measure KK:** EB PREC is making strides toward receiving public funding for our projects. The cooperative applied for funds under Measure KK, Oakland’s affordable housing bond, in January of 2020. There were challenges since the City is used to working with nonprofits, not cooperatives, but through a series of collaborative conversations with city staff to educate them on EB PREC’s model, the City ensured that EB PREC was and is able to apply for such funding, and has hired the Urban Homesteading Assistance Board to consult with them so that they can better learn to serve housing cooperatives.

EB PREC 2020 community engagement and education has included:

- **Online community engagement:** Since Shelter-in-Place began in the Bay Area, EB PREC has moved its community engagement online. We’ve been convening online Scenario Planning calls with the community to help craft EB PREC’s response to Covid-19, rising unemployment, and a potential recession. These calls have opened up direct and regular dialogue with our members to help adjust our strategy to meet the needs on the ground, and help build out the vision, strategy, and tactics for our community-led property acquisitions.

- **Building cultural centers:** EB PREC has been working with cultural anchors in East and West Oakland, Black Cultural Zone and Alena Museum, respectively. In partnership with these arts anchors, and funding from the Center for Cultural Innovation, EB PREC has developed a fellowship program to support each of these organizations both internally with their governance structures and operations, and externally on the pathway to property acquisition with financial modeling and feasibility, site analysis, financing, and more.
- **Resident education:** In collaboration with Northern California Land Trust (NCLT), EB PREC has led resident education workshops for Co-op 789, a project we are developing with NCLT. Workshops have covered a range of topics, including Intro to Co-ops, Bookkeeping and Accounting for Co-ops, Resident Selection, Community Agreements, and more. This educational series is laying the groundwork for training to be offered to all future Resident Owners.
- **Participatory governance design:** The Cooperative has partnered with Pathways to Equity, a design and action organization, to work with a team of design professionals to design and create improved visual representations of our participatory governance models to maximize accessibility and equitable representation.

DESCRIPTION OF PROPERTIES AND REAL ESTATE PROJECTS IN DEVELOPMENT

Property Owned by EB PREC: Prince Street Project

In May of 2020, EB PREC received a donation of a 4-bedroom single family home and dance studio in Berkeley, CA, with an estimated market value of over \$1,000,000. The donor, who is in her 80s, has retained a life lease on one of the home's bedrooms, allowing EB PREC to lease out the other three bedrooms and make the dance studio available. EB PREC is now working with Destiny Arts, a local arts education nonprofit, with the vision to provide affordable housing to their faculty at the home. The property is suitable for habitation, and has minor wear and tear which the Cooperative plans to remedy to maximize the longevity and resilience of the building.



In Development: Co-op 789

EB PREC organized with tenants and partnered with Northern California Land Trust (NCLT) to have NCLT purchase and co-steward with EB PREC a fully occupied 3,880 sq ft 4-unit residential building in North Oakland, for \$1.3 million. The financing includes a \$600,000 loan from the City of Oakland for affordable housing from Measure KK. EB PREC, NCLT, and the property residents came together with the shared goal of transferring the property to EB PREC ownership within three years. EB PREC has raised \$200,000 to fund necessary rehabilitation, and plans to lend these funds to NCLT, while providing construction management and engaging residents in a co-op training program, eventually purchasing the property from NCLT.



In Development: West Oakland 7th Street Cooperative Cultural Corridor / Uwazi Commons

Through a series of community meetings dubbed “Black Economics Salons,” EB PREC and community members developed the concept of the 7th St. Cooperative Cultural Corridor, aka Uwazi Commons, to ground our work along the historic West Oakland 7th Street. The vision is for Uwazi Commons to be an intergenerational space weaving in Afro diasporic food, retail, arts, and learning. Its mission is to keep Oakland artists & artist-preneurs in Oakland while building quality of life and community strength through shared space, culture, innovation, and economic solidarity.

In connection with this project EB PREC is exploring purchase of **Esther’s Orbit Room**, which was one of the great blues and jazz clubs in West Oakland, with a music venue, bar, and restaurant, the historic Singer’s Arcade and Coffee Shop, three residential units on the second floor, with a total of 8 bedrooms, and an adjacent lot for parking and deliveries. This community resource is now ripe for transformation. By purchasing this property, redesigning and rehabbing the spaces in collaboration with nearby Alena Museum, working with local organizations to incubate artistic enterprises to fill the space, organizing a historic 7th Street Merchants Association, and cooperatively housing and creating permanent affordable ownership for 8-10 local artists, EB PREC will ground a landscape-shifting and sustaining Black arts community business into the rapidly changing landscape of West and Downtown Oakland. Through community-driven development, Esther’s Orbit Room will become a cultural and economic resource for Oakland and the Black arts community for generations to come. EB PREC is working with community groups, an architect, underwriters, funders, and a broker to acquire this property.

In Development: OAXXANDA

OAXXANDA is an organizing group of BIPOC East Oakland residents, artists, and artisans that EB PREC is partnering with to acquire property in East Oakland. The group is currently developing their governance structure, shared vision and values, while simultaneously pursuing acquisition of **6619 Foothill Ave**, for which they are currently in contract to purchase for \$1,650,000. EB PREC may step in as the purchaser, with the OAXXANDA members becoming resident owners of EB PREC, or EB PREC may just provide technical assistance and support to the group, depending on the decisions made by the organizing group and EB PREC’s capacity and access to resources. The property includes a 10,000 sq. ft. mixed use building, with ground floor retail which used to be an aquarium, and 5 residential units on the second floor, and an additional 5,000 sq. ft parking lot. The property has been out of use for many years, with only two of the residential units habitable, and will require extensive rehabilitation, with an initial estimate indicating \$800,000 worth of work.

In Development: East Oakland Grocery Cooperative

East Oakland Grocery Cooperative (EOGC) is an emerging cooperative of BIPOC East Oakland residents who are developing a buying club and cooperatively-owned grocery store in the “Deep East” of Oakland, in order to serve the community and build an oasis in what is currently a food desert. The founding cohort of worker owners at EOGC have prioritized property acquisition as a core component of their work to ensure stability and security for their cooperative and the community. EB PREC is supporting EOGC as an emerging enterprise with technical assistance in financial planning, business planning, and the property search as the cohort develops their vision for the permanent location.

Potential properties include 7475 Bancroft Ave, a 1,532 sq. ft. corner store, which would need little to no capital improvements, and 9818-9828 International Blvd, a 8,400 sq. ft. retail building with four storefronts, three of which are rented, one of which is a vacant 3,300 sq. ft. unit that used to be a grocery store, and which has walk-in refrigeration, but needs a new floor and other improvements to be built out as a grocery store. EOGC is also a member of the Black Cultural Zone, which has also expressed interest in this property.

In Development: 12th Street Project

EB PREC partnered with a community member to help him purchase a 2,000 sq. ft. vacant lot in West Oakland for \$200,000 in order to prevent a developer from purchasing it in the summer of 2019. The Cooperative is in negotiations with the community member to acquire the property from him at a low cost. The vision is to build and provide deeply affordable housing and develop a Black Sanctuary Garden on the site in partnership with Alena Museum.

USE OF FUNDS TO BE RAISED

Intended use of funds: Funds raised through this offering are intended to be used, regardless of the amount raised, to purchase, develop, build, rehabilitate, manage, and permanently preserve the affordability of real estate.

The specific projects to which these funds will be applied will depend on many factors, including the timing of each project's development and fluctuations in the real estate market. Some of the possible real estate projects are described in the section called Description of Properties and Real Estate Projects In Development, and some of the acquisitions will emerge throughout the course of the coming months and years. The Cooperative will determine what property to purchase on a case-by-case basis. Properties may include:

- Single-family homes
- Accessory dwelling units (ADUs)
- Multi-unit residential
- Community, cultural, and commercial spaces
- Vacant land

Combination with other financing: The funds will likely be combined with other forms of property acquisition financing, such as loans from foundations, credit unions, community banks, and community development financial institutions. For example, funds raised through this offering may be used to make a down payment for a property, while the rest may be financed by a credit union loan.

Right to change the use of funds: While the intention is to spend proceeds of this offering on real estate, as described above, the Cooperative reserves the right to change the use of proceeds as needed in response to unforeseen circumstances, which may include using some of the proceeds to fund operations or to compensate staff, directors, and officers for their labor.

SECURITIES BEING OFFERED

The Cooperative is offering Investor Owner Shares at \$1,000 per share. This section describes additional details about what it means to buy Investor Owners Shares.

Dividends

The Cooperative aims to return dividends at a rate of 1.5% per year, which will likely be accumulated and compounded annually, then paid out every three to five years. When dividends are declared or distributed, the Cooperative will issue to Investors an IRS Form 1099-DIV, reflecting all dividends earned, provided that the Investor earns \$10 or more in annual dividends. EB PREC will also report the dividends to the IRS.

At the time of purchase, Investors will have the option to waive their right to receive dividends, in the interest of further reducing the cost of real estate for our communities.

Voting

Being an Investor Owner, regardless of the number of Shares owned, entitles the Investor Owner to **only one vote** on any matter Investor Owners are eligible to vote on, as laid out in the Bylaws. Investor Owners have the right to participate in member meetings, and in electing the board President and Treasurer. Board members serve two-year terms, and terms are staggered, with elections and appointments for certain seats happening each year, as laid out in the Bylaws..

Shares may not be transferred

Investor Owners may not transfer their shares to others. Shares may only be redeemed with the Cooperative.

Redemption of Investor Owner Shares

When an Investor Owner requests to withdraw their Investor Owner Shares, the Cooperative aims to return the full share purchase price (\$1,000 per share), plus any dividends that have accrued but not yet been distributed to the Investor Owner. Investor Owner Shares have a **5 year minimum term**, meaning an Investor Owner must hold them for 5 years before redeeming. The Cooperative may pay the full amount due immediately, or pay only part of it, converting any unpaid amount to a promissory note payable to the former Owner in installments. After one year, any unpaid amounts shall begin to accrue and annually compound interest at a rate of 1.5% per year. The Cooperative will make reasonable efforts to pay all notes within 1 year, but may extend it up to 5 years in the event that payment of the note would leave the Cooperative unable to meet its other financial obligations. The term of the promissory note may not exceed 5 years without consent from the Owner.

Important: While the intention is to pay all Investor Owners back with dividends, the Board may decide that the redemption value of Shares to all Investor Owners will be reduced, depending on the financial health of the Cooperative. Investor Owner Shares are a form of equity in the Cooperative; therefore, **this equity share is at risk of being lost**. A promissory note to an Investor Owner shall also provide that if all current Investor Owners receive a reduction in redemption value of their Investor Owner Shares, the Board may choose to apply a proportionate reduction to all outstanding promissory notes of former Investor Owners.

Investor Owner Rights if the Cooperative Liquidates

In the event that the Cooperative liquidates, Investor Owner Shares will be redeemed only after the Cooperative first pays off its debts and liabilities, its Resident Owner account balances, and its Resident Shares. Any remaining funds will be used to redeem all Investor Owner Shares. If funds are not available for full redemption, then payments shall be reduced proportionally for each Investor Owner. If there are any other account balances held by Investor Owners (which are not debts, liabilities, or Shares) any remaining funds will be used to redeem those account balances, along with Community Owner account balances, with any lack of funds leading to a proportional reduction in payment for each owner.

To better understand how EB PREC's finances work, and particularly to understand the rights of different categories of Owners, please read our attached Bylaws.

Amending Investor Owner Rights

Rights of Investor Owners, as outlined in the Bylaws, may be changed by a 2/3 vote of all EB PREC Owners, which includes Owners who are not Investor Owners. Every Owner gets only one vote. Certain items require an even higher voting or approval threshold, as outlined in Bylaws page 37.

Other Information about the Securities Being Offered

Purchasing one share using a payment plan: Investors who cannot make a one-time payment of \$1,000 may set up regular payments. In this case, they may buy a share with a minimum first payment of \$100 and a good faith commitment to pay the remaining \$900 within 5 years, with payments made at least annually.

Access to information: Investor Owners have access to Board meeting agendas and minutes, certain Cooperative Policies, and Financial Statements, as laid out in slide 28 of the Bylaws.

Other financial provisions:

Investors have no preemptive or conversion rights, and there is no sinking fund provision.

Investors have no liability to further calls or assessments by the issuer.

There is no provision discriminating against existing or prospective holders of securities as a result of shareholders owning a substantial amount of securities.

PLAN OF DISTRIBUTION:

Our Plan and Procedures for Selling the Shares

Eligibility to Participate

Generally, any person, organization, or business may become an Investor Owner. Individual Investors must be 18 years of age or older to invest.

This offering is not available in all states, provinces, or countries. EB PREC may limit this offering or offering amounts in certain states where restrictions may apply to the offering of securities in such state, or where EBPREC has limited the offering in any particular state for any other reason.

All Investors must align and agree with EB PREC's Mission and Points of Unity, as laid out in the Cooperative's Bylaws which are attached in the exhibits to this Offering Circular.

In case of confusion as to whether you can invest, please contact the cooperative at info@ebprec.org.

Where Shares Will Be Offered

Within two days of the qualification of this offering, EB PREC will offer Investor Owner shares in California. Since every state's laws are different, EB PREC will begin offering shares in other states only after complying with those states' legal requirements and gaining authorization for the Board of Directors to offer shares in other states. Based on the requirements of each state, the Board will adopt a policy specifying the requirements for prospective Investor Owners outside of California to purchase Investor Owner Shares.

How to Participate

Go to ebprec.org and click on the "Invest Now" or "Invest" button, and follow the procedures as described.

Upon a prospective Investor's completion of an Investor Owner Agreement, the Cooperative will send a copy of the Agreement to the Investor by email. Then, the Cooperative will invoice the prospective Investor for the Share(s) to be purchased. Upon acceptance of payment for the Share(s), the prospective Investor becomes an Investor Owner, and the Cooperative will send a confirmation email. After this point, the Investor Owner may not revoke or change the investment or request investment funds before the end of the investment term as laid out in the Cooperative's Bylaws.

Advertising, Sales, and other Promotional Materials

The Cooperative is offering these Shares directly to the public at the following website: ebprec.org

The Cooperative will be offering the Shares to the public directly, not using any underwriters, brokers/dealers, or other intermediaries who might receive commissions for sharing information about the offering.

In addition to this Offering Circular, subject to limitations imposed by applicable securities laws, the Cooperative expects to use additional advertising, sales, and other promotional materials in connection with this Offering. These materials may include public advertisements and audio-visual materials, in each case only as authorized by the Cooperative. Although these materials will not contain information in conflict with the information provided by this Offering Circular and will be prepared with a view to presenting a balanced discussion of risk and reward with respect to the Securities, these materials will not give a complete understanding of this Offering, the Cooperative, or the Shares/Investment Opportunity and are not to be considered part of this Offering Circular. This Offering is made only by means of this Offering Circular, and prospective Investor Owners must read and rely on the information provided in this Offering Circular in connection with their decision to invest.

The Cooperative may work with partner websites to share information about the offering, like investibule.co. No partners will be acting as underwriters or registered broker/dealers, nor will any partners receive commissions for sharing information about this offering.

Limitations on Amounts Investors Can Invest

If one is not an “accredited investor,” as further defined below, the amount one can invest is limited by law.

In order to purchase Shares, and prior to the acceptance of any funds from an Investor, each Investor will be required, in the Owner Agreement, to certify and represent to the Cooperative’s satisfaction that s/he is either an accredited investor or is in compliance with the 10% of net worth or annual income limitation on investment in this offering.

The next two sections summarize rules for accredited and non-accredited investors.

Accredited Investors

Under 17 CFR §230.501, a regulation issued by the Securities and Exchange Commission, the term “accredited investor” means:

- A natural person who has individual net worth, or joint net worth with the person’s spouse, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person;
- A natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;
- A business in which all the equity owners are accredited investors;
- An employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million;
- A bank, insurance company, registered investment company, business development company, or small business investment company;
- A charitable organization, corporation, or partnership, not formed for the specific purpose of acquiring the Securities offered, with total assets exceeding \$5 million; and
- A director, executive officer, or general partner of the company selling the Securities, or any director, executive officer, or general partner of a general partner of that issuer.

If an Investor falls within any of those categories, then that Investor may invest as much as they want, subject to other terms of this offering.

Limitations On Amount A Non-Accredited Investor Can Invest

There’s a limit to how much an Investor can invest if they do not meet the definition of “accredited investor” on the previous slide. In this case, the most the Investor may invest in this Offering is no more than 10% of the greater of such purchaser's:

(1) Annual income or net worth if a natural person (Please see Federal rule 17 CFR § 230.501 for the rules on how to calculate your net worth and annual income for this purpose), or

(2) Revenue or net assets for such purchaser's most recently completed fiscal year end if a non-natural person.

NOTE: For the purposes of calculating net worth, it is defined as the difference between total assets and total liabilities. This calculation must exclude the value of one's primary residence and may exclude any indebtedness secured by one's primary residence (up to an amount equal to the value of your primary residence). In the case of fiduciary accounts (such as a 401(k) plan), net worth and/or income suitability requirements may be satisfied by the beneficiary of the account or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Shares.

The Duration and Success [or Not] of This Offering

This is a continuous offering that will begin within two days of receiving qualification from the Securities and Exchange Commission and will likely continue for up to three years, unless we terminate the offering sooner.

The Offering may be terminated at the Cooperative's election at any time.

The term of the investments will start on the date funds are transferred to EB PREC's accounts, or the agreement is signed, whichever is later. At the same time the Cooperative is raising funds from this Offering, it may be seeking other additional sources of funding, including loans and grants.

The Shares are being offered by the Cooperative on a "best efforts" basis. Best efforts means the staff owners of the Cooperative will use its commercially reasonable best efforts in an attempt to sell the Shares. There is no minimum raise required, and therefore there is **no plan to return investments to investors if a certain threshold amount is not raised.**

No staff person or contractor will receive any commission or any other remuneration for these sales.

No Revocation By Investor

Once a person has executed an Investor Owner Agreement and submitted funds for the purchase of the Shares, such investment may not be revoked without the consent of the Cooperative.

The Investor, not the Cooperative, bears the risk of delivery for the Investor Owner Agreement, payment, and all other documents that the Investor must deliver to participate in the investment program. The Cooperative prefers that all documents be executed electronically, and all payments be made by Automated Clearing House ("ACH") or by Check. However, if the Investor chooses to deliver documents and payment by mail, the Cooperative recommends the use of insured and registered mail. The Cooperative also recommends allowing for a sufficient number of mailing days to ensure that the Cooperative receives your documents and payments before the applicable expiration date.

Discretion to Accept, Reject, or Modify Investments

A few important things for prospective Investors to know:

- This Offering is made subject to withdrawal, cancellation, or modification by the Cooperative without notice.
- The Cooperative reserves the right to reject an investment for any reason.
- The Cooperative need not accept investments in the order received.
- The Cooperative reserves the right to allot to any prospective Investor less than the amount of the Securities such Investor desires to purchase.
- The Cooperative reserves the right to accept an investment even if the investment is defective in some way. The Cooperative will either work with investors to cure any defects, or will return all monies from rejected investments immediately to those Investor Owners, generally without interest and without deduction.

This Offering Circular is the Only Document Authorized by the Cooperative for Prospective Investors

When assessing whether or not to invest, prospective investors should rely on the information in this Offering Circular, and not rely on information provided by other people or in other documents, including documents written and published by the Cooperative. The information in this Offering Circular supersedes and replaces in its entirety any information previously distributed to, provided to, or viewed by any Investor.

No Legal, Accounting, Tax, or Investment Advice

This Offering Circular is intended to provide prospective Investor Owners with information necessary for an informed investment decision. However, nothing in this Offering Circular is intended as legal, accounting, tax, or investment advice. Prospective Investor Owners should not see the contents of this Offering Circular (or any other communication from the Cooperative, its affiliates and their employees, or any professional associated with this offering) as legal, accounting, tax, or investment advice. An Investor Owner must rely on his or her own examination of the Cooperative and the terms of this offering, including the merits and risks involved. Each Investor Owner should consult his or her own personal counsel, accountant, and other advisors as to the legal, accounting, tax, economic, and related matters concerning the investment described herein and its suitability for him or her. An Investor must be willing, and have the financial capacity to purchase, a high-risk investment which cannot easily be liquidated.

No counsel to the Cooperative has verified or investigated any of the statements or representations made in this offering circular or any of its Exhibits. Investors seeking legal advice should retain their own counsel and conduct any due diligence they deem appropriate to verify the accuracy of the representations and information set forth in this offering circular.

EB PREC's Ongoing Reporting Requirements

Following this Tier 2, Regulation A offering, the Cooperative will be required to comply with certain ongoing disclosure requirements under Rule 257 of Regulation A. The Cooperative will be required to file:

- an annual report with the SEC on Form 1-K;
- a semiannual report with the SEC on Form 1-SA;
- current reports with the SEC on Form 1-U;
- and a notice under cover of Form 1-Z.

The necessity to file current reports may be triggered by certain corporate events. Parts I & II of Form 1-Z will be filed by the Cooperative if and when it decides to and is no longer obligated to file and provide annual reports pursuant to the requirements of Regulation A.

Record-Keeping and Transfers

EB PREC will be directly handling all recordkeeping and dividend distributions, but may, in the future, hire a transfer agent to provide such services.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

You should **read this section in conjunction with EB PREC financial statements**. See EB PREC Audit Reports for 2018 and 2019 at the end of this document.

The discussion contains forward-looking statements that involve risks, uncertainties, and assumptions. EB PREC’s actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under “Risk Factors” and elsewhere in this Offering Circular.

Grants Funding EB PREC Operations

Grants have been EB PREC’s primary source of funding for its operations, to date. In deep partnership with the Cooperative’s incubating organization, the Sustainable Economies Law Center (Law Center), **EB PREC has raised over \$700,000 in received and pledged grant funding.**

Not all of this funding appears on EB PREC’s books for various reasons. Many grants are held and administered by the Law Center for the purpose of incubating EB PREC. The Law Center and EB PREC periodically enter into contracts in which the Law Center agrees to pay EB PREC to carry out work that advances the missions of both organizations.

As of July 20, 2020, the Law Center is holding \$568,164 for EB PREC incubation, which is to be distributed to EB PREC on request by EB PREC any time before the end of 2021. See the Exhibits for multiple contracts between the Law Center and EB PREC. These funds support the Cooperative to focus on community building, organizing, legal and organizational infrastructure, education, and our first few real estate projects. Based on pledges from current funders, EB PREC **expects to receive approximately \$460,000 in additional grants** through the Law Center by the end of 2021.

As of the end of fiscal year 2019, **EB PREC has received one grant directly for \$100,000.** This is shown as a “refundable grant advance” on the Cooperative’s 2019 balance sheet. However, per accounting standards, it is not shown on the Cooperative’s income statement, since the deliverables are not yet complete. This accounts for the Cooperative’s net loss shown at the end of 2019.

Also not shown on the attached financial statements is a **grant of \$50,000** from the Roddenberry Foundation that EB PREC will receive in quarterly installments this year, as a result of EB PREC’s Executive Director, Noni Session, being awarded a Roddenberry Fellowship.

5-Year Grant For Anti-Displacement Work

In addition to general operating grant support, EB PREC has just been awarded, in partnership with the City of Oakland and many other co-applicants, the Thriving Climate Communities Grant from the Strategic Growth Council, for a total of over \$28 million dollars. **EB PREC will receive \$715,000 over the next 5 years** to carry out anti-displacement organizing and education throughout deep East Oakland, in partnership with the City and the Black Cultural Zone. This five-year program will ensure EB PREC’s longevity and capacity to organize residents and businesses in East Oakland for cooperative land liberation.

Staffing

The Cooperative staffing expanded substantially from 2018 to 2019. EB PREC's staff collective formed in the summer of 2018 with a shoestring budget of \$36,000. Most of the staff had been organizing on a volunteer basis before then. The success of our launch at the end of 2018, and the collaborative leadership of the Law Center, allowed us to fundraise and expand our staffing in 2019. The Law Center hired and has been employing our Executive Director, Noni Session, to do the educational, organizing, and development work necessary to establish and grow EB PREC. Her salary therefore does not appear on the Cooperative's financial statements.

EB PREC expects to hire at least one new full time staff by the end of 2020, and continue the trend of increasing staffing capacity in the near term.

Investments Prior to This Offering

EB PREC officially launched our public membership at the end of 2018, with our first members investing in 2018, and the majority to date joining in 2019. **By the end of 2019 EB PREC had raised over \$200,000 from Investor Owners in California only.** A major purpose of funds raised is to fund the rehabilitation of Co-op 789, estimated at \$185,000, in partnership with the Northern California Land Trust (NCLT). EB PREC is ready to make the loan, but has been waiting for the City of Oakland and Heritage Bank, who have first and second loans on the property, to approve EB PREC's loan. This, in part, accounts for EB PREC's expanded cash surplus at the end of 2019. We expect to make the loan in the coming months, and a part of that cash surplus will be turned into an asset via a promissory note with NCLT.

To date, most Investor Owners have only been able to purchase only one share each, since California securities laws allow for the purchase of cooperative membership shares for only up to \$1,000 per person.

Four Investor Owners in close relationship with the Cooperative have purchased additional Shares through a private offering in the Fall of 2019.

Liquidity

In 2018 and 2019, the Cooperative's assets were highly liquid, in the form of cash. This cash was made up of a combination of grant funding, loans, and Investor Owner Shares. The Cooperative does not intend to use Investor Owner Shares for operating expenses like salaries, but is reserving these funds for property acquisitions and rehabilitation. **Thus, while EB PREC has had high liquidity, we anticipate lower liquidity levels as we start to purchase more real estate.**

Since the end of 2019, the Cooperative, in partnership with the Law Center, has been able to raise **enough grant funding to support our operations through the end of 2021**. Most of these funds are held by the Law Center and will be paid to EB PREC upon request. The remainder are pledges from foundations which are due in 2021.

In a few years, EB PREC expects to be financially self-sustaining from revenue generated from properties. Until then, we are continuing to raise grants and donations to cover operational expenses.

In May of 2020, EB PREC received a donation of a 4-bedroom home (see the page describing the Prince Street Project) worth more than \$1,000,000 on the speculative market. This is a highly illiquid asset, and EB PREC has no intention of ever selling the property. In a potential low liquidity situation in future years, this asset could be leveraged (borrowed against) to create liquidity for the Cooperative. This is not a desirable outcome, but a possibility if needed.

Looking Forward

With a global pandemic and racial uprisings, 2020 has been an unprecedented year for the world in so many ways, making it challenging to predict what is going to happen next. The following discussion includes both facts and conjecture, in addition to forward looking projections. The COVID-19 pandemic has led to monumental unemployment, new restrictions to protect housing, like eviction moratoriums, new government spending programs, companies requiring employees to work from home, and the fear of a coming recession. These and other factors will impact the East Bay's real estate market in various ways.

Real estate listings and sales in Oakland and the East Bay slowed down substantially in March and April, but are picking up again. The increase may be due to the pent up supply that wasn't listed in March and April, and if government funding or other forces fail to prevent a recession, we may expect to see an increase in properties listed due to residents' inability to pay their mortgages, as well as a drop in qualified purchasers of real estate, due to unemployment. **This combination could lead to a drop in prices.**

EB PREC has been hosting scenario planning calls with its members and community from across the country since the beginning of the pandemic, so that we can best understand, prepare for, and respond to the needs of our communities. We know that during the last recession Black and POC communities were most negatively impacted by foreclosures and a loss of wealth, while the 1% and ultra wealthy purchased properties at low prices. In the rest of 2020 and 2021, **EB PREC anticipates using funds raised through this offering to acquire multiple properties**, potentially intervening in foreclosures to convert properties to collective ownership, instead of allowing them to be purchased at low prices by ultra-wealthy investors and increasing gentrification and displacement. Funds raised will allow EB PREC to put money down and borrow additional funds from individuals and institutions for the purchase of properties. This additional debt funding may happen concurrently with this offering. We will continue to organize with our community around properties that provide the best balance of financial feasibility, permanent affordability, and community impact.

This is a "best efforts" offering, meaning there is no minimum we need to reach before we begin to deploy funds from the offering. Thus, the scope of our upcoming acquisitions depends heavily on how much funding we are able to raise through this offering. Thank you for investing in community.

DIRECTORS, OFFICERS, AND SIGNIFICANT EMPLOYEES

EB PREC is governed by a Board of Directors, and managed by a staff of cooperative and housing justice veterans. **There are no family relationships** among the Staff or Board Members.

Name	Position	Age	Start of employment or term of office	Approximate hours per week for part-time employees
Staff Owners				
Noni Session	Director	45	3/2018	
Ojan Mobedshahi	Finance Director	30	6/2018	35
Shira Shaham	New Projects Director	40	6/2018	25
Non-Owner Employees				
Victoria Yu	Operations Director	33	8/2019	10
Tia Katrina Taruc-Myers	Digital Communications	34	6/2019	5
Board Members				
Candice Elder	Board Member	39	7/2019	
Patricia St. Onge	Board Member	66	7/2019	
Gregory Jackson	Board President (Governance Director)	30	6/2020	
Renae A. Badruzzaman	Board Member	33	6/2020	
Shira Shaham	Board Secretary (Staff Director)	40	2/2018	
Ojan Mobedshahi	Board Treasurer (Finance Director)	30	7/2018	

Staff Owner: Noni Session - Executive Director

Noni is a 3rd generation West Oaklander, Cultural Anthropologist and Grassroots Organizer. After a 2016 run for Oakland City Council in which she garnered more than 43% of the vote, Noni came to believe her community's clearest pathway to economic justice and to the halt of rapid displacement was a cooperative economy. In the past five years Noni has held many roles, including Assistant Librarian at the West Oakland Public Library; Candidate & Chief Strategist Oakland City Council Campaign; and Co Founder and Outreach, Media & Strategy lead for State of Black Oakland. Her core competencies include academic research & writing, international development & government agency liaison, volunteer recruitment & management, collections management, and cooperative development.



Staff Owner and Board Treasurer: Ojan Mobedshahi - Finance Director

Ojan is a 2nd generation Iranian American, born and raised in the Bay Area. He has experience in healthy land use spans landscape design, restoration and education, real estate brokerage, construction and development, and political organizing. Ojan lives in a co-op in Oakland, and is also a landscape contractor and regenerative permaculture designer. In the past five years Ojan has worked as a Land Analyst at Polaris Pacific, a San Francisco brokerage, and a Development Associate at Ashbury General Contracting and Engineering. Before joining EB PREC, he founded his own business, Happy Planet Land Use Consulting. His previous work includes real estate financial modeling, project management and entitlement in the Bay Area, as well as landscape design, build, and project management.



Staff Owner and Board Secretary: Shira Shaham - New Projects Director

Shira has nearly 10 years experience leading teams and managing custom design projects and businesses. She played a key role in the growth of a food cooperative start-up in New York from the initial meeting of some 20-odd people to a successful business open six days/week. Returning to the Bay Area where she was raised, Shira works to give back to the communities that have nurtured her. Shira works part time at Arizmendi Construction Cooperative, and previously worked at Ashbury General Contracting and Engineering leading teams and managing custom design and construction projects.



Employee: Tia Katrina Taruc-Myers - Digital Communications

Tia is a lawyer at the Sustainable Economies Law Center and works part-time at EB PREC to help out with social media, website updates, blog posts, and newsletters. She lives at Coop 789 and only ever uses "#blessed" when talking about being #blessed to be a part of the movement to create #LandWithoutLandlords. When she's not at her two jobs, she hangs out with the good folks at the Community Democracy Project, an all volunteer campaign working to bring participatory budgeting to Oakland. In 2012 Tia founded the Alipato Project, a nonprofit that represents domestic violence survivors in civil court and seeks financial retribution for its clients.



Employee: Victoria Yu - Operations Director

Victoria is the Operations Coordinator at both EB PREC and Design Action Collective, a worker-owned cooperative that designs graphics and websites for social justice movements. When she's not helping coops stay organized, she's organizing with the Community Democracy Project, a volunteer-led campaign to bring participatory budgeting to Oakland—or hiding in a room reading.



Board Member: Candice Elder

Candice Elder, an East Oakland native who currently resides in City of Oakland District 7, is the Founder and Director of The East Oakland Collective (EOC). Candice went to Oakland public schools and for high school attended The Head Royce School. Candice has a background in law, philanthropy and nonprofit management. Candice was a legal professional for 10 years and has worked in plaintiff class action law firms in employment and antitrust law fields. Candice previously worked as the Executive Coordinator and Membership Manager for the Women's Funding Network, the largest philanthropy network of women's funds and foundations in the country.



Board Member: Patricia St. Onge

(Haudenosaunee and Quebécoise, adopted Cheyenne River Lakota) is a grandmother and mom. She's also the founder of Seven Generations Consulting and Coaching, working primarily with social justice organizations. She is the lead author of *Embracing Cultural Competency: A Roadmap for Nonprofit Capacity Builders*. She is Assistant Adjunct Professor at Mills College, Dept. of Race, Gender and Sexuality Studies. As an activist, she is a member of the coordinating committee of 1000 Grandmothers for Future Generations. She serves as Co-Chair of the board of directors of Highlander Research and Education Center in Tennessee and East Bay Permanent Real Estate Cooperative, based in Oakland.

Patricia is a writer, avid reader and lover of ceremony. Between them, she and her life partner, Wilson Riles, have six grown daughters, daughters and sons-in-law, and 8 grandchildren. Patricia is part of a growing community in East Oakland called Nafsi ya Jamii (The Soul Community), an Education/Spiritual Center and urban farm.



Board President (Governance Director): Gregory Jackson

Greg is a native of Oakland with deep family roots who feels fortunate to live within blocks of his family that now spans three generations. He is deeply committed to achieving economic equity in the East Bay through collective ownership and democratic decision-making. Recognizing the many social problems rooted in the unequal distribution of wealth and decision-making power, Greg focused his law school research on international cooperatives. Greg aims to increase collective decision-making and cooperative-ownership in East Oakland. He holds a B.A. in Philosophy from San Diego State University, and a J.D. from Golden Gate University School of Law. Greg envisions a cooperative corridor in East Oakland where the historically disadvantaged are given autonomy to self-determine the development of their neighborhoods. Greg knows that youth are the future, and believes the stewards of today must learn to co-create with the inheritants of tomorrow. Greg also serves on the Steering Committee of the Oakland Climate Action Coalition and mentors at Youth Impact Hub. Greg enjoys art, travel, and meaningful conversation in his free time.



Board Member: Renae Alvarez Badruzzman

Renae Alvarez Badruzzaman (she/her) is a public health practitioner passionate about systems change at the root of social and health inequities. Renae serves as the POCSHN Housing Justice Director for EBPREC, Board Member of Eden Area Community Land Trust, and Program Manager for Build Healthy Places Network. She brings a decade of multidisciplinary and cross-sector experience to collectively advance health equity, inclusion and justice for people of color and communities with low-incomes. Renae's intention is to support holistic healing practices that work to repair the wounds from legacies of violence and oppression against BIPOC, people with disabilities, and communities with intersecting identities. She is a certified compassion fatigue specialist, has a Master of Public Health, holds National Leader Fellowships in Disabilities, and a Bachelors in Psychology and Human Development. Renae cherishes being active, yoga, reading, cooking, and spending time with her loved ones.



FINANCIAL INTERESTS AND COMPENSATION OF DIRECTORS, OFFICERS, AND OWNERS

Compensation of Executive Officers

Name	Capacities in which compensation was received	Cash Compensation	Other Compensation	Total Compensation
Noni Session*	Executive Director	\$48,413.48	\$0.00	\$48,413.48
Shira Shaham	New Projects Director	\$26,050.00	\$0.00	\$26,050.00
Ojan Mobedshahi	Finance Director	\$24,000.00	\$0.00	\$24,000.00

*Noni Session's position is fiscally sponsored and funded directly through the Sustainable Economies Law Center, and therefore is not reflected in East Bay Permanent Real Estate Cooperative's financial statements.

Board members currently do not receive compensation for board service, but may receive compensation for other work carried out for the cooperative. The total compensation to the organization's Directors in fiscal year 2019 was \$59,387.50, and does not include Noni Session's compensation, which comes through the Sustainable Economies Law Center.

Proposed Future Compensation:

Future compensation for staff and directors has not been pre-determined, proposed, or contingent upon the success of this offering. With the oversight of the board of directors, employees of the Cooperative collectively set their compensation, or at minimum adhere to the living wage for 1 adult and 1 child using the MIT Living Wage Index. Furthermore, employee compensation is capped at 3 times the median per capita wage for all occupations in the Oakland-Hayward-Berkeley Metropolitan division.

Security Ownership Of Management And Certain Owners

The following table sets forth the beneficial ownership of Investor Owner Shares of the Cooperative's Executive Officers and Directors as a group, and individually any security holders who beneficially own more than 10% of security, as of 7/22/2020

As of the submission of these documents, no executive officer, director, or individual owns more than 10% of any class of voting securities.

Title of class	Name and address of beneficial owner	Amount and nature of beneficial ownership	Amount and nature of beneficial ownership acquirable	Percent of class
Investor Owner	EB PREC Executive Officers and Directors as a group, 1428 Franklin St, Oakland, CA 94612	\$0.00	\$0.00	0%

Interest Of Management And Others In Certain Transactions

Between January 1, 2018 and July 20, 2020, EB PREC contracted with six members of the Board of Directors to provide services to EB PREC. Some of these same Directors were later hired to be on the staff of EBPREC, as shown on pages above.

The Directors and non-employee compensation received are:

- Marissa Ashkar, Director, paid \$4,642 to provide support with communications, events, and community-building
- Eric Christian, Director, paid \$500 to support with software and IT needs
- Shira Shaham, Director, paid \$3,602 to support with operations, events, and real estate projects
- Noni Session, Executive Director, paid \$3,000 to support with strategy and development
- Lina Buffington, Director, paid \$2,500 to support with strategy and development
- Ojan Mobedshahi, Director, paid \$4,125 to support with finance and real estate projects

No one involved with EB PREC or with the preparation of this Offering Circular and related documents was or is employed on a contingent basis, meaning that no one will be paid on the basis of how many Shares are sold through this offering.

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Bay Permanent Real Estate Cooperative, Inc.
Oakland, California

We have audited the accompanying financial statements of East Bay Permanent Real Estate Cooperative, Inc., which comprise the balance sheet as of December 31, 2018, and the related statements of income, owners' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Bay Permanent Real Estate Cooperative, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Wegner CPAs, LLP
Madison, Wisconsin
April 3, 2020

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.
BALANCE SHEET
December 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 117,167
Prepaid expenses	<u>600</u>

Total assets	<u><u>\$ 117,767</u></u>
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LIABILITIES AND OWNERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 8,009
Payable to related party	4,125
Accrued expenses	<u>2,089</u>

Total current liabilities	14,223
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Long-term debt	<u>100,000</u>
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Total liabilities	114,223
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OWNERS' EQUITY

Investor owner shares	11,200
Accumulated deficit	<u>(7,656)</u>

Total owners' equity	<u>3,544</u>
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Total liabilities and owners' equity	<u><u>\$ 117,767</u></u>
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See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.
STATEMENT OF INCOME
Year Ended December 31, 2018

REVENUE

Membership dues	\$ 110
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OPERATING EXPENSES

Contractors	20,329
Salaries and wages	10,610
Occupancy	3,600
Advertising	1,121
Office supplies	716
Miscellaneous	<u>5,139</u>

Total operating expenses	<u>41,515</u>
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Net loss from operations	(41,405)
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OTHER INCOME (EXPENSES)

Grant income	25,852
Donation income	11,695
Interest income	1,404
Interest expense	<u>(6,850)</u>

Total other income (expenses)	32,101
Net loss before income taxes	(9,304)
Provision for income taxes	(1,128)
Net loss	\$ (10,432)

See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.
STATEMENT OF OWNERS' EQUITY
Year Ended December 31, 2018

	Investor Owner Stock	Retained Earnings (Accumulated Deficit)	Total
Balance December 31, 2017	\$ -	\$ 2,776	\$ 2,776
Stock issued	11,200	-	11,200
Net loss	-	(10,432)	(10,432)
Balance December 31, 2018	\$ 11,200	\$ (7,656)	\$ 3,544

See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (10,432)
Adjustments to reconcile net loss to net cash flows from operating activities	
Increase in assets	
Prepaid expenses	(600)
Increase in liabilities	
Accounts payable	5,509
Payable to related party	4,125
Accrued expenses	2,089
Net cash flows from operating activities	691

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	100,000
Proceeds from issuance of stock	11,200
Net cash flows from financing activities	111,200
Net change in cash	111,891
Cash at beginning of year	5,276
Cash at end of year	\$ 117,167

SUPPLEMENTAL DISCLOSURES

Cash paid for income taxes

\$ 1,263

See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.**NOTES TO FINANCIAL STATEMENTS**December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Nature of Business**

East Bay Permanent Real Estate Cooperative, Inc. (Cooperative) is a multi-stakeholder cooperative that creates pathways for residents of Oakland and surrounding communities to organize, finance, acquire, and co-steward land and housing. The Cooperative seeks to transform the housing system to build collective wealth amongst historically disenfranchised communities, while empowering residents through democratic governance.

Revenue Recognition

Membership dues are recognized during the year in which the dues are received. Membership dues are primarily used to fund the operations of the Cooperative and provide little of tangible value to the donors. Grant revenue is recognized in the year the performance obligations are fulfilled. Donation income is recognized in the year it is received.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Taxes

The Cooperative is taxed on non-patronage earnings and any patronage earnings not paid or allocated to the members. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. Deferred taxes are recognized for differences between basis of assets and liabilities for financial statement and income tax purposes.

Advertising

Advertising costs are expensed as incurred.

Date of Management's Review

Management has evaluated subsequent events through April 3, 2020, the date which the consolidated financial statements were available to be issued.

NOTE 2—OPERATING LEASE

The Cooperative leases office space under a month to month arrangement that requires monthly payments of \$600. Total rent expense for 2018 was \$3,600.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.**NOTES TO FINANCIAL STATEMENTS**December 31, 2018

NOTE 3—LONG-TERM DEBT

Long-term debt at December 31, 2018 consisted of an unsecured note payable to Force for Good Fund with interest at a fixed rate of 6.85%. The note requires interest-only payments for the first two years, followed by annual payments of \$24,291, including principal and interest. The note matures in December 2024.

Future minimum principal payments consist of the following:

2019	\$ -
2020	17,441
2021	18,634
2022	19,912
2023	21,276
Thereafter	<u>22,737</u>
Total	<u>\$ 100,000</u>

NOTE 4—OWNERS' EQUITY

The Cooperative offers a multi-tiered ownership structure. Each category of ownership entitles the owner to difference rights and responsibilities. Owners may become owners through multiple categories of ownership and will bear the rights and responsibilities of each category of ownership. Multiple ownership categories does not entitle an owners to more than a single vote.

An individual who lives in or is rooted in the East Bay area may become a Community Owner. Community Owners pay yearly membership dues which are used to fund the Cooperative's operations. Community Owners do not hold equity in the Cooperative.

Investor Owners purchase shares that consist of owners' investments in the Cooperative. Investors are required to purchase one share for \$1,000. Shares can be purchased in a lump sum payment or with an initial payment of \$100 and a good faith commitment to pay the remaining \$900 within five years, with payments made at least annually. Investor Owners agree to hold their shares for a minimum of five years. Investors may purchase additional shares subject to securities law. Purchase of additional shares does not entitle an Investor Owner to additional votes. Shares are refundable should a member decide to leave the Cooperative, subject to approval by the directors. At December 31, 2018, 25 shares were issued and outstanding.

Resident Owners are residents of properties which the Cooperative manages. Resident Owners earn equity and patronage dividends from their rental payments.

Staff Owners are employees of the Cooperative. Staff Owners must have worked for the Cooperative for a minimum of 500 hours and for twelve months. Staff Ownership must be approved by a minimum of two-thirds vote by other Staff Owners.

At December 31, 2018, all of the Cooperative's stock recorded on its balance sheet was comprised of Investor Owner shares.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5—INCOME TAXES

The provision for income taxes for 2018 consisted of the following:

Current federal income tax expense	\$ (328)
Current state income tax expense	<u>(800)</u>
Provision for income taxes	<u>\$ (1,128)</u>

Deferred income taxes at December 31, 2018 were immaterial and not recorded in the financial statements.

NOTE 6—RELATED PARTY TRANSACTIONS

At December 31, 2018 the Cooperative had an amount payable of \$4,125 to a member of its board of directors for contractor services performed.

NOTE 7—SUBSEQUENT EVENT

The COVID-19 outbreak in the United States in spring 2020 has resulted in economic hardships for the Cooperative's existing and potential future members and funders. This development is expected to have an adverse effect on the Cooperative's future revenue. However, the related financial impact and duration cannot be reasonably estimated at this time.



FINANCIAL STATEMENTS

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Bay Permanent Real Estate Cooperative, Inc.
Oakland, California

We have audited the accompanying financial statements of East Bay Permanent Real Estate Cooperative, Inc., which comprise the balance sheet as of December 31, 2019, and the related statements of income, owners' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Bay Permanent Real Estate Cooperative, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncements

As discussed in Note 1 to the financial statements, East Bay Permanent Real Estate Cooperative, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of and for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs, LLP
Madison, Wisconsin
January 31, 2020

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC. **BALANCE SHEET** **December 31, 2019**

ASSETS

CURRENT ASSETS

Cash	\$	327,309
Prepaid expenses		<u>1,101</u>

Total current assets		328,410
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Deferred taxes		<u>23,000</u>
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Total assets	\$	<u>351,410</u>
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LIABILITIES AND OWNERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$	2,493
Accrued expenses		2,997
Current portion of long-term debt		17,441
Refundable grant advance		<u>100,000</u>

Total current liabilities		122,931
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Long-term debt less current portion		<u>107,559</u>
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Total liabilities		230,490
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OWNERS' EQUITY

Investor owner shares		200,300
Accumulated deficit		<u>(79,380)</u>

Total owners' equity		<u>120,920</u>
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Total liabilities and owners' equity	\$	<u>351,410</u>
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See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC. **STATEMENT OF INCOME** **Year Ended December 31, 2019**

REVENUE

Membership dues	\$	5,430
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OPERATING EXPENSES

Salaries and wages	67,754
Contractors	15,379
Event and conferences	11,808
Occupancy	7,200
Advertising	3,285
Office supplies	3,006
Professional services	910
Taxes and licenses	629
Bank fees	609
Insurance	297
Miscellaneous	335
	<u>111,212</u>
Total operating expenses	<u>111,212</u>
Net loss from operations	(105,782)
OTHER INCOME (EXPENSES)	
Donation income	14,888
Interest income	2,711
Other income	1,109
Interest expense	(6,850)
	<u>11,858</u>
Total other income (expenses)	<u>11,858</u>
Net loss before income taxes	(93,924)
Provision for income taxes	<u>22,200</u>
Net loss	<u>\$ (71,724)</u>

See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC. STATEMENT OF OWNERS' EQUITY Year Ended December 31, 2019

	Investor Owner Stock	Accumulated Deficit	Total
Balance December 31, 2018	\$ 11,200	\$ (7,656)	\$ 3,544
Stock issued	189,100	-	189,100
Net loss	<u>-</u>	<u>(71,724)</u>	<u>(71,724)</u>
Balance December 31, 2019	<u>\$ 200,300</u>	<u>\$ (79,380)</u>	<u>\$ 120,920</u>

See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC. STATEMENT OF CASH FLOWS Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (71,724)
Adjustments to reconcile net loss to net cash flows from operating activities	
Increase in assets	

Prepaid expenses	(501)
Deferred taxes	(23,000)
Increase (decrease) in liabilities	
Accounts payable	(9,641)
Accrued expenses	908
Refundable grant advance	<u>100,000</u>
Net cash flows from operating activities	(3,958)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from long-term debt	25,000
Proceeds from issuance of stock	<u>189,100</u>
Net cash flows from financing activities	<u>214,100</u>
Net change in cash	210,142
Cash at beginning of year	<u>117,167</u>
Cash at end of year	<u>\$ 327,309</u>
SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	\$ 13,700
Cash paid for income taxes	1,959

See accompanying notes.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

East Bay Permanent Real Estate Cooperative, Inc. (Cooperative) is a multi-stakeholder cooperative that creates pathways for residents of Oakland and surrounding communities to organize, finance, acquire, and co-steward land and housing. The Cooperative seeks to transform the housing system to build collective wealth amongst historically disenfranchised communities, while empowering residents through democratic governance.

Revenue Recognition

Membership dues are recognized during the year in which the dues are received. Membership dues are primarily used to fund the operations of the Cooperative and provide little of tangible value to the donors. Grant revenue is recognized in the year the performance obligations are fulfilled. Donation income is recognized in the year it is received.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimate and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Taxes

The Cooperative is taxed on non-patronage earnings and any patronage earnings not paid or allocated to the members. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. Deferred taxes are recognized for differences between basis of assets and liabilities for financial statement and income tax purposes.

Advertising

Advertising costs are expensed as incurred.

Adoption of New Accounting Pronouncements

The Cooperative adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of and for the year ended December 31, 2019. This update provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The update also assists entities in determining whether a contribution is conditional. The changes in the update have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2020, or entered into after that date.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through January 31, 2020, the date which the consolidated financial statements were available to be issued.

NOTE 2—CONCENTRATION OF CREDIT RISK

The Cooperative maintains cash balances at one financial institution located in Oakland. The accounts at this institution are insured by the National Credit Union Administration up to \$250,000. At December 31, 2019, the Cooperative's uninsured cash balances at this institution totaled approximately \$74,000.

NOTE 3—LONG-TERM DEBT

Long-term debt at December 31, 2019 consisted of the following:

Note payable to Force for Good Fund with interest at a fixed rate of 6.85%. Note calls for annual payments of \$24,291 including principal and interest. Matures in December 2024.	\$ 100,000
Note payable to a member with interest at a fixed rate of 2%. Note calls for annual interest only payments until maturity. Matures in March 2025.	<u>25,000</u>
Long-term debt	125,000
Current portion of long-term debt	<u>(17,441)</u>
Long-term debt less current portion	<u><u>\$ 107,559</u></u>

Future minimum principal payments consist of the following:

2020	\$ 17,441
2021	18,634
2022	19,912
2023	21,276
2024	22,737
Thereafter	<u>25,000</u>
Long-term debt	<u><u>\$ 125,000</u></u>

NOTE 4—OPERATING LEASE

The Cooperative leases office space under a month to month arrangement that requires monthly payments of \$600. Total rent expense for 2019 was \$7,200.

EAST BAY PERMANENT REAL ESTATE COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 5—OWNERS' EQUITY

The Cooperative offers a multi-tiered ownership structure. Each category of ownership entitles the owner to difference rights and responsibilities. Owners may become owners through multiple categories of ownership and will bear the rights and responsibilities of each category of ownership. Multiple ownership categories does not entitle an owners to more than a single vote.

An individual who lives in or is rooted in the East Bay area may become a Community Owner. Community owners pay yearly membership dues which are used to fund the Cooperative's operations. Community Owners do not hold equity in the Cooperative.

Investor Owners purchase shares that consist of owners' investments in the Cooperative. Investors are required to purchase one share for \$1,000. Shares can be purchased in a lump sum payment or with an initial payment of \$100 and a good faith commitment to pay the remaining \$900 within five years, with payments made at least annually. Investor Owners agree to hold their shares for a minimum of five years. Investors may purchase additional shares subject to securities law. Purchase of additional shares does not entitle an Investor Owner to additional votes. Shares are refundable should a member decide to leave the Cooperative, subject to approval by the directors. At December 31, 2019, 227 shares were issued and outstanding.

Resident Owners are residents of properties which the Cooperative manages. Resident Owners earn equity and patronage dividends from their rental payments.

Staff Owners are employees of the Cooperative. Staff Owners must work for the Cooperative for a minimum of 500 hours and for twelve months. Staff Ownership must be approved by a minimum of two-thirds vote by other Staff Owners.

At December 31, 2019, all of the Cooperative's stock recorded on its balance sheet was comprised of Investor Owner shares.

NOTE 6—INCOME TAXES

The provision for income taxes for 2019 consisted of the following:

Current federal income tax expense	\$	-
Current state income tax expense		(800)
Deferred tax benefit		<u>23,000</u>
Provision for income taxes	\$	<u>22,200</u>

Deferred taxes at December 31, 2019 stemmed from net operating loss carryforwards, which totaled approximately \$82,000 for federal and state purposes. The federal carryforwards last indefinitely. The state carryforwards begin to expire in 2039.

PART III - EXHIBITS

Index to Exhibits.

Exhibit Number	Description
2.a	Articles of Incorporation
2.b	Bylaws
3	Previously Used Investor Owner Agreement
4	Investor Owner Agreement (to be used for this offering)
6.a	Center for Cultural Innovation – AmbitioUS Capital Support Agreement
6.b	Community Ventures Promissory Note
6.c	Nancy Moore Promissory Note
6.d	General Fundraising Agreement Between the Law Center and EBPREC
6.e	Development Agreement #1 Between the Law Center and EBPREC
6.f	Development Agreement #2 (2020) Between the Law Center and EBPREC
6.g	Incubation and Technical Support Agreement (2020-2021)
6.h	Legal Services Agreement (2020-2021)
11	Consent of Independent Auditors
12	Legal Opinion

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form 1-A and has duly caused this offering statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oakland, State of CA, on 7/20/2020.

East Bay Permanent Real Estate Cooperative, Inc.

By
/s/ Noni Session
Noni Session
Executive Director

This offering statement has been signed by the following persons in the capacities and on the dates indicated.

Signature: /s/ Noni Session
Name: Noni Session
Title: Executive Director, Principal Executive Officer
Date: 7/20/2020

Signature: /s/ Gregory Jackson, Jr.
Name: Gregory Jackson
Title: Board President
Date: 07/20/20

Signature: /s/ Shira Shaham
Name: Shira Shaham
Title: Board Secretary & New Projects Director
Date: 7/20/2020

Signature: /s/ Ojan Mobedshahi
Name: Ojan Mobedshahi
Title: Board Treasurer, Principal Financial Officer, & Principal Accounting Officer
Date: 7/20/2020

Signature: /s/ Patricia St. Onge
Name: Patricia St. Onge
Title: Board Member
Date: 7/20/2020

Signature: /s/ Renae A. Badruzzaman
Name: Renae A. Badruzzaman
Title: Board Member
Date: 7/20/2020

3998481

FILED
Secretary of State
State of California

100 FEB 27 2017

Articles of Incorporation
of

East Bay Permanent Real Estate Cooperative, Inc.

Article 1. The name of this corporation is East Bay Permanent Real Estate Cooperative, Inc.

Article 2. This corporation is a cooperative corporation organized under the Cooperative Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

Article 3. The initial street and mailing address of the corporation is:

East Bay Permanent Real Estate Cooperative, Inc.
5210 San Pablo Dam Road, Apt. 5
El Sobrante, CA 94803

Article 4. The name and address of the corporation's initial agent for service of process is:

Marissa Ashkar
5210 San Pablo Dam Road, Apt. 5
El Sobrante, CA 94803

Article 5. The voting power of each member of the corporation is equal, and each member is entitled to one vote.

Article 6. The proprietary interests of each member of the corporation are unequal and the rules by which the proprietary interests are determined shall be prescribed in the Bylaws of the Corporation.

Article 7. The liability of the directors, officers, and members of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

Article 8. The corporation is authorized to indemnify the directors, officers, and members of the corporation to the fullest extent permissible under California law.

Dated: February 27, 2017


Janelle Orsi, Incorporator

East Bay Permanent Real Estate Cooperative, Inc



(EB PREC)

Bylaws

Amended: 12/16/2019

Slide code:
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Part 1: The Basics

First, you should know that, in spite of goofy cartoons throughout, **these are definitely EB PREC's Bylaws and this IS a legally binding document.** Since EB PREC is a democratic organization, these Bylaws are designed to be easily understood by anyone. Cartoons are there to help keep readers' interest, explain meaning, and to aid in remembering what was read.



Also, every slide has a **footer** with the following information:

Any special **requirements to amend** the slide and when it was **last amended:**

Amended: 12/19/2018

References to laws relevant to the slide and other resources or EB PREC policies, to aid in understanding:

Law:
Resources:

A code referencing a **cataloging system** to track versions of Bylaws slides:

Slide code:
EBPREC.BY.GEN.ABT.1

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This is a Cooperative Corporation



These Bylaws will sometimes include a footnote referencing the law.
If you see anything with the numbers 12200 through 12704, that is a reference to the California Corporations Code. Those are the rules governing Cooperative Corporations.

Our Mission

We facilitate BIPOC and allied communities to cooperatively organize, finance, purchase, occupy, and steward properties, taking them permanently off the speculative market, creating community controlled assets, and empowering our communities to cooperatively lead a just transition from an extractive capitalist system into one where communities are ecologically, emotionally, spiritually, culturally, and economically restorative and regenerative.



Amended: 12/19/2018

Slide code:
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Our Points of Unity, Page 1 of 2

All Owners agree to the following Points of Unity. As these represent core values, decisions made by EB PREC or any ambiguity in these Bylaws should be considered with reference to these points:

- **We stand for the liberation and healing of all people and lands** oppressed and exploited by histories of genocide, slavery, low wage labor, land theft, predatory lending, and forced migration. In particular, **liberation of Black and Indigenous communities** is fundamental to the liberation of all people.
- **We move at the pace of community, not capital.** We prioritize people, planet, and future generations over profits.
- **We build trust and safe spaces** with each other by doing the **healing work** required to transform extractive capitalist notions into **regenerative and cooperative** relationships.
- **We are people of color centered** and aim to create deeply diverse communities by actively embracing culture, practices, language, people, leaders, and communities that are representative of diverse people of color. We believe that centering people of color in this way is essential to counterbalance and decenter White dominant culture in realms of landownership and development.



- genocide
- slavery
- low-wage labor
- land theft
- predatory lending
- forced migration



Our Points of Unity, Page 2 of 2

- **We believe restorative solutions are rooted in collective land stewardship and decision-making.** We cultivate relationships of mutual aid so that communities can manifest their own visions into realities on their own terms.
- **We want an East Bay that is affordable to all.** We are committed to creating *permanently* affordable housing and commercial space and ensuring that our work never displaces existing tenants who want to remain.
- **We reject the speculative market as a profit-making strategy.** We believe housing is a human right, not a commodity.
- **We prioritize people at greater risk of displacement over people of greater means.** We recognize that historical forces have systematically denied certain communities from building wealth and remaining rooted in community. EB PREC exists primarily to transform this injustice by building collective wealth and power for these communities.



Part 2: Spreading Power

We want to spread power to as many people as possible through a decentralized structure where small groups of Owners are in the driver's seat of the Cooperative's activities. We prioritize decentralized governance because it builds people power, creates resiliency, and fosters a strong sense of community ownership, activating people to protect and steward land in the long-term. The activities of the Cooperative will therefore be spread out among small semi-autonomous groups that will be accountable to the whole.



Amended: 12/19/2018

Resources: "[Reinventing Organizations](#)" by Frederic Laloux describes many examples of decentralized organizations.

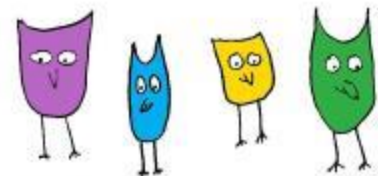
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Governance Overview

To help readers see the big picture while navigating the pages that follow, this page provides an overview and roadmap to our governance structure. Broadly speaking, there are three governance bodies that work together as follows:

1. Owners: EB PREC exists to serve its Owners, so Owners have core control over EB PREC through their election of the majority of the Board and voting on major decisions. Apart from those core powers, Owners express their power and influence through countless small interactions with EB PREC, shaping EB PREC and our East Bay communities through participation in land projects, committees, working groups, and other initiatives. **In animal terms**, Owners are diverse members of our local community, and they need all kinds of habitats in order to thrive.



2. Staff: The Staff exist to serve and be responsive to Owners, facilitating Owner participation in land projects and other initiatives. Through their daily work, the Staff make most decisions about the day-to-day work and overall management of EB PREC. Like **beavers**, Staff work diligently to create the ecosystems and conditions in which many communities can flourish.



3. Board: The Board primarily oversees the work of Staff to ensure that Staff are fulfilling their purpose and are accountable to Owners. Like **owls**, Board members watch and listen carefully.

The Owners of EB PREC

EB PREC has four kinds of Owners:

1. **Community Owners**
2. **Investor Owners**
3. **Resident Owners**
4. **Staff Owners**

Things to know about Owners:

- An "Owner" is legally a member of EB PREC.
- **It's possible for Owners be two or more kinds of Owners at once**, meaning they have the rights and responsibilities of those two or more Owner categories, but they **will still have only one vote** on any decision put to Owners or on the election of any Director seat.
- **Organizations and businesses that are Owners get only one vote**, regardless of how many people work for or own that organization or business.
- **An Owner cannot transfer their ownership interest to other people.**



Becoming a Community Owner

Any person who lives in or is rooted in the East Bay may **become a Community Owner** by:

1. **Learning:** Attending an EB PREC orientation,
2. **Contributing:** To be affordable to everyone, dues are set on a sliding scale: \$10 per year, per month, or per week. Dues help cover the costs of EB PREC operations, events, and education. Dues are not refundable,
3. **Showing up:** Attending two EB PREC events or meetings per year, **and**
4. **Aligning and agreeing:** Committing to the Mission and Points of Unity in these Bylaws and completing an Owner Agreement.



Amended: 12/19/2018

Resources: Owner Agreement

Slide code:
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Becoming an Investor Owner

Any person, organization, or business may **become an Investor Owner** by:

1. Purchasing one or more Investor Owner shares for \$1,000 each. Here are some key points about buying a share:

- **The minimum investment period is 5 years.** Investor Owners agree to hold their share(s) and not redeem them for at least 5 years. The Board may, at their discretion, redeem shares sooner for Investor Owners who request early redemption on the basis of personal financial hardship.
- **Investor Owners may select a preference for dividends.** When they purchase shares, Investor Owners will be given an option to choose whether or not to receive dividends. No one will be pressured to waive dividends, but the option is provided because waiver of dividends reduces the cost of capital, thereby supporting affordability.
- **People who cannot make a one-time payment of \$1,000 may set up regular payments.** In this case, they may buy a share with a minimum first payment of \$100 and a good faith commitment to pay the remaining \$900 within 5 years, with payments made at least annually.
- **The opportunity to buy more than one share will be offered during limited times and may include minimum investor qualifications,** because such offerings will be subject to different securities laws. All additional Investor Owner shares will have the same dividend and redemption rights, except if stated otherwise in these Bylaws. Purchase of more than one Investor Owner share does not entitle an Investor Owner to any additional votes.

2. Affirming California residency or meeting an exemption: Individuals must be CA residents, and businesses & organizations must demonstrate to EB PREC's Board that they are CA-based and conduct most of their business in CA. The Board may also accept Investor Owners from outside of CA after the Board establishes a policy exempting some Investor Owners from the residency requirement, **and**

3. Aligning and agreeing: Committing to the Mission and Points of Unity in these Bylaws and completing an Owner Agreement.



Amended: 12/19/2018

Law: 25100(r) is securities law governing sale of coop shares.
Resources: Owner Agreement and [CA securities law explanation](#)

[Slide code:](#)
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Becoming a Resident Owner

Any person age 12 and over, organization, or business may **become a Resident Owner** by:

1. **Occupying** (as a primary place of work or residence) and being named in a **Resident Share Agreement** for an EB PREC property,
2. **Learning:** Attending any Resident Owner orientation sessions required by the EB PREC Staff, **and**
3. **Aligning and agreeing:** Committing to the Mission and Points of Unity in these Bylaws and completing an Owner Agreement.



Encouraging Ownership: EB PREC shall make reasonable efforts to give all occupants of its real estate an opportunity to become Resident Owners. Reasonable efforts shall include inviting tenants to orientations about becoming Resident Owners and making an offer to enter into a Resident Share Agreement.

Becoming a Staff Owner

Any employee of EB PREC may **become a Staff Owner** (aka Staff Trustee) by:

1. **Doing paid work for EB PREC** for 500 hours and 12 months,
2. **Being approved** by $\frac{2}{3}$ of Staff Owners in a vote to be held within one month of completing the period of work above, **and**
3. **Aligning and agreeing:** Committing to the Mission Points of Unity in these Bylaws and completing an Owner Agreement.

Non-employee exception: The Board and Staff, together and at their discretion, may approve as a Staff Owner someone who works the threshold number of hours for EB PREC in close collaboration with the staff in a non-employee capacity,

Employees not approved by vote: An employee who is not approved by the above vote of Staff Owners shall either be terminated as an employee or given an opportunity to improve their performance over a period of 3 to 6 months. After that period, there shall be another vote. If the employee is not approved as a Staff Owner by the second vote, their employment shall be terminated.

Staff Owners



Initial Staff Owners: The following individuals are Staff Owners as of the adoption of these Bylaws on 12/19/2018: Ojan Mobedshahi, Noni Session, Gregory Jackson, Shira Shaham, and Marissa Ashkar.

Terminating Ownership

Ownership will terminate by any of the following:

- An Owner sends EB PREC a written notice that they are terminating their ownership.
- An Owner dies.
- In the case of a business or organization that is an Owner, they **dissolve or close**.
- In the case of a **Resident Owner**, they **move out** or terminate their Resident Share Agreement.
- In the case of a **Staff Owner**, they **cease to work** for or be employed by EB PREC for an average of 10 hours or more per week, unless on a temporary leave.
- In the case of an **Investor Owner**, the Board may, at its discretion, identify all Investor Owners who have **ceased, for 2 years or more, to make payments** toward their \$1,000 goal, and the Board may send notice that their payment is incomplete and request that they make an additional payment within 90 days, after which the Board may terminate such Investor Owner memberships who do not make additional payments.
- In the case of a **Community Owner**, (1) they **do not make a payment of dues** for more than 12 months and fail to make a dues payment within 30 days of notice of non-payment, or (2) they **do not attend any EB PREC events or meetings** for 12 months and fail to attend an event within 90 days of notice of non-attendance. Any notice will state the anticipated date of termination.
- **The Board otherwise expels an Owner for cause**, as long as the Board uses a consistent, fair, and reasonable procedure for expulsion (provided in writing to the Owners) that gives an Owner a reasonable period of time in which to explain or correct a problem.



The Board may, at its discretion and for good cause, waive termination and/or reinstate a terminated ownership (such as if the Owner requests a waiver based on personal hardship).

The Board of EB PREC

Except as otherwise provided, the Cooperative will have **8 Directors** (aka Board members) and they serve **2 year terms**. Board members may serve unlimited terms, so long as no more than 4 terms are consecutive. After April of 2020, no more than two staff members may serve on the Board at once.



Roles and Responsibilities of the Board

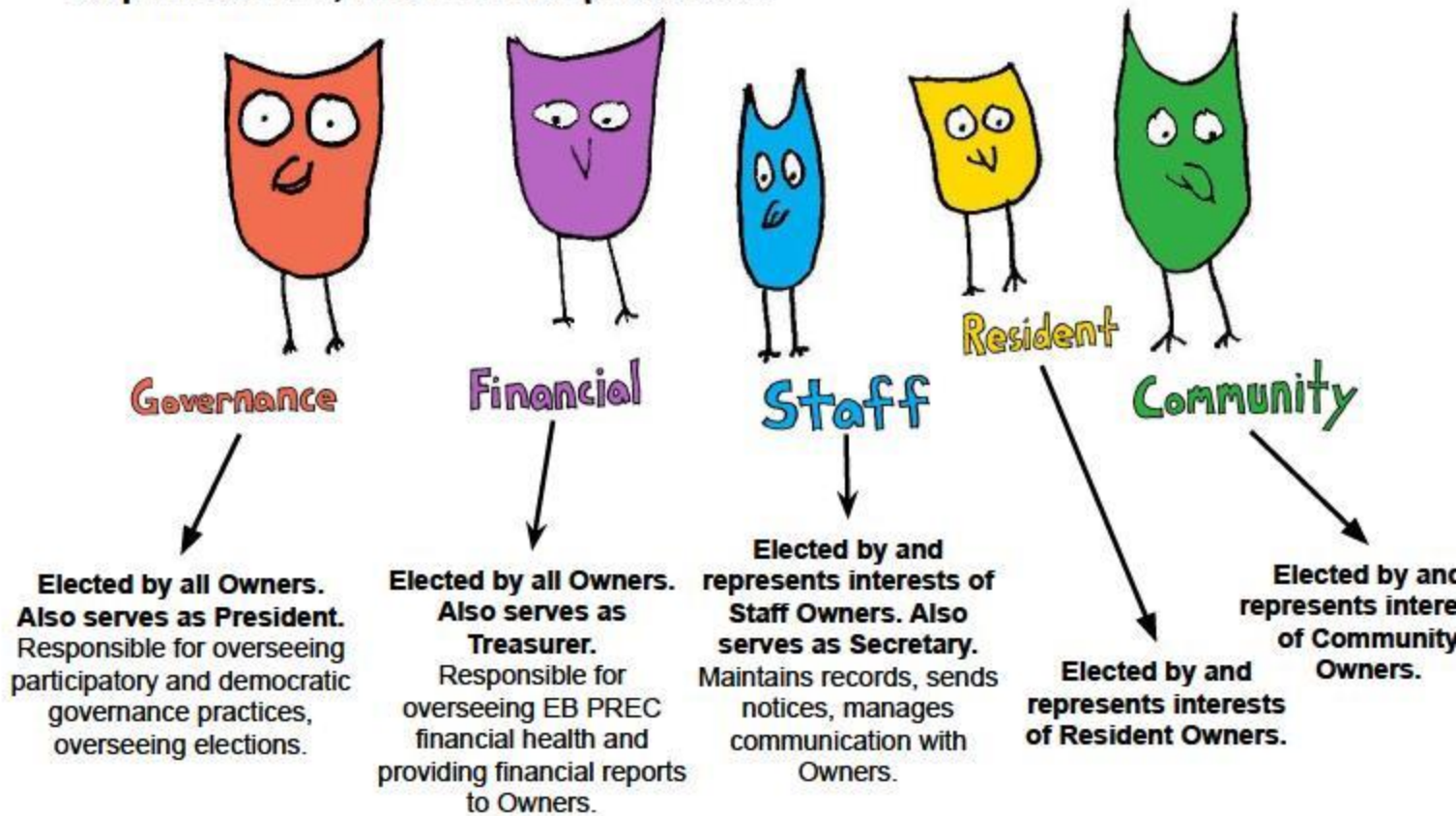
The primary role of the Board is to create and oversee a system of decentralized, participatory, and inclusive governance and operations. In other words, the Board generally stewards the *process* by which work is carried out, as opposed to directing the *substance* of the work. The Board will provide ongoing oversight of the activities and internal functioning of the Cooperative. This will include:



- Regularly reviewing financials and financial decisions, including contracts for expenditures exceeding \$10,000, changes to staff compensation, and periodic budget review.
- Monitoring compliance with the law.
- Reviewing internal policies adopted by Staff.
- Making reasonable inquiry into any concerning activities or decisions by Staff.
- Intervening when the Cooperative's Staff or Owners engage in overly risky or illegal activity.
- Intervening under other circumstances described in the slide on Oversight of Staff Trustees.

5 Elected Directors

EB PREC will have 5 Elected Directors with the following titles, responsibilities, and election processes:



3 Appointed Directors

To anchor EB PREC to its mission and to ensure representation of BIPOC communities on the Board, EB PREC will have 3 appointed Directors with roles described below. EB PREC shall give each organization a 3-month window in which to choose an appointee or a list of suggested appointees. If the top-listed organization fails to make an appointment or ceases to exist, the next-listed organization may make the appointment, and so on. The EB PREC Board may only block an appointment if 75% of Directors vote to do so. If the appointing organization provides a list of suggested appointees, the Directors shall choose the appointee from among those suggested.



POC Housing Justice Director:
Provides direction on advancing housing justice for people of color.

- Appointed by:**
1. People of Color Sustainable Housing Network (POCSHN)
 2. Urban Habitat
 3. _____



Indigenous Director:
Provides direction on advancing indigenous rights and land sovereignty.

- Appointed by:**
1. Sogorea Te' Land Trust
 2. _____
 3. _____



Black East Bay Director:
Provides direction on supporting the East Bay's Black community to thrive and deepen its roots.

- Appointed by:**
1. East Oakland Collective
 2. Mandela Grocery Cooperative
 3. _____

Transition to Full Board

At the time of adopting these Bylaws, the Board consists of Ojan Mobedshahi, Shira Shaham, Eric Christian, and Marissa Ashkar. In order to transition to the full Board described in above slides – and in order to establish staggered terms – people will join and leave the Board as follows:

1. An election will be held for **Staff Director** in June 2019 and that Director shall serve through April 2021. At that time, **Shira's** term will end but she remains eligible for additional terms through election or appointment.
2. Appointing organizations will appoint **2 Appointed Directors** in or before June 2019 and their appointees will serve through April 2021. When the appointed Directors take office, **Marissa's** term will end, though Marissa remains eligible for additional terms through election or appointment. Since Marissa began as the Governance Director, when her term ends, the Board shall appoint any current elected or appointed Director to fill the Governance Director role until a Governance Director is elected by all Owners.
3. The **3rd Appointed Director** will be appointed any time before May 2020 and will serve through April 2022.
4. Elections will be held to choose the **Community, Governance, and Financial Directors** before May of 2020, and those Directors will serve through April 2022.
5. **Ojan and Eric's** terms will end when the elected Financial Director takes office, though they remain eligible for additional terms through election or appointment.
6. Elections will be held for the **Resident Directors** before May 2021, and those Directors will serve through April of 2023.

'18	2019	2020	2021	2022
Marissa (Governance Dir.)				
Ojan (Financial Dir) and Eric serve until May 2020				
Shira (Staff Dir.)	Staff Director Elected until May 2021			
	2 Directors Appointed until May 2021		2 New Appointed Directors until May 2023	
		1 Director Appointed until May 2022		Appointment of Dir
		Community, Governance, Financial Directors Elected until May 2022		Election of 3 Directors
			Resident Dir. Elected until May 2023	

This timeline is not drawn to scale. As described above, some initial elections and appointments may happen earlier than shown.

Amended: 12/16/2019

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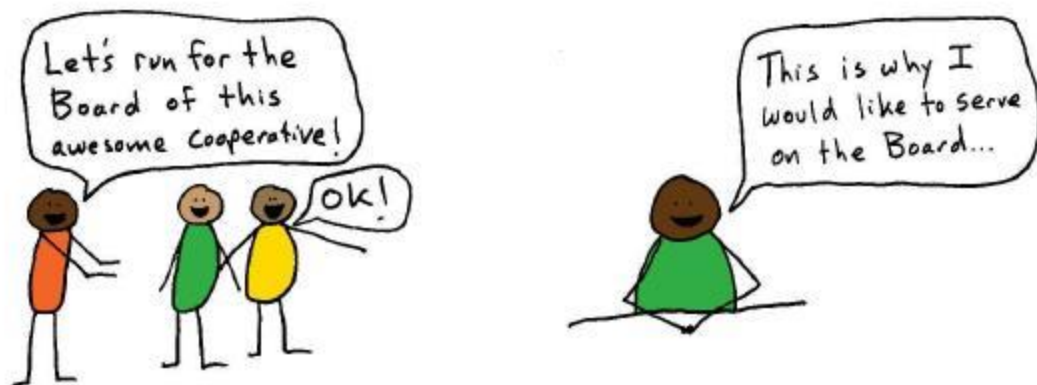
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Board Elections

Elections will take place within 30 days before or after **March 15** every year. By the end of 2019, the Board will create and disseminate a clear process for holding elections, which shall include:

- An open process for **soliciting nominations**. The invitation for nominations will begin January or before, to allow a long enough window of time to recruit, nominate, learn about, and engage with candidates, before voting starts,
- Opportunities for **candidates to communicate with Owners**,
- A voting process that **encourages high voter turnout**,
- A **ranked-choice voting** system that allows Owners to rank their top three or more choices for each Board seat, and
- As much as possible, a practice to **actively recruit, encourage, support, and nominate Black, Indigenous, and other POC to run**, particularly people who grew up in the East Bay.

After 2021, only the Owners may vote to change election processes.



Can amend: Owners
Amended: 12/16/2019

Law:12470-12477

Slide code:
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Removing Directors

A Director may be removed by whomever elected or appointed that particular Director. For example, the Staff Owners may vote to remove the Staff Director, using the process below. Every Director subject to removal must be given a reasonable opportunity to provide a written statement to the voters or organization removing them prior to the vote or decision of removal.

Removal by vote of Owners: A vote to remove a Director may be initiated by a proposal of the Directors or by whomever elected that Director following the procedures described under [“Owner Proposals and Decisions.”](#) Additional voting requirements:

- If there are fewer than 50 Owners in a particular Owner category, removal of a Director elected by that category must be approved by majority of ALL Owners in that category.
- If there are 50 or more Owners in a particular category, removal can be done by majority vote, so long as at least 30 Owners or 5% of Owners (whichever is larger) in that Owner category participate in the vote.

Removal by appointing organization: An organization that appoints a Director may remove that Director by providing written notice of removal to the Secretary or to the whole Board, so long as, before or after the removal, the organization, if requested by the Board, meets with the Board to answer any questions about the removal.

Removal or suspension by the Board: The Board may remove any Director who has not attended three or more consecutive regular or special Board meetings. Without prior notice, the Board may also suspend for cause any Director, so long as 2/3 of Directors, not including the Director subject to suspension, vote to approve suspension. The Board will promptly notify the affected Director of such suspension and will provide an opportunity for the suspended Director to be heard at a meeting of the Board of Directors within 30 days.

Replacing Directors: In the event that an elected Director is removed, the removal vote shall also indicate whether (i) a replacement Director shall be elected within four months of removal, (ii) the Board shall appoint a replacement until the next regularly scheduled election, or (iii) the seat shall remain vacant until the next regularly scheduled election. If an appointed director is removed, a new Director shall be appointed following the process detailed by [“3 Appointed Directors”](#) slide. If the President is removed, the Treasurer shall act as President until a new President is either elected or appointed. If the Treasurer or Secretary is removed, the Board will appoint any other sitting Board member to fill those roles until the replacement is elected or appointed.



Amended: 12/19/2018

Law: 12353, 12361 12362, 12364, 12224

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Board Meetings

The Board will meet at least **quarterly**, with at least **15 days notice**. Any **2** Directors may call additional Board meetings with at least **7 days notice**. Meetings may happen on even shorter notice if all Directors are present or later agree, in writing, to decisions made at the meeting. **A Director may participate virtually in in-person Board meetings** if they request to do so at least **3 hours** in advance, to allow the Board to set up appropriate technology. Meetings may also be entirely virtual.



Amended: 12/19/2018

Law: 12351, regarding Director meetings

Slide code:
EBPREC.BY.BRD.MTG.1

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Board Decisions

In meetings, decisions are made when approved by a **majority** of all Directors, except where a higher voting threshold is required elsewhere in these Bylaws or another policy. The Board may make decisions outside of a meeting if ALL Directors consent to the decision in writing.

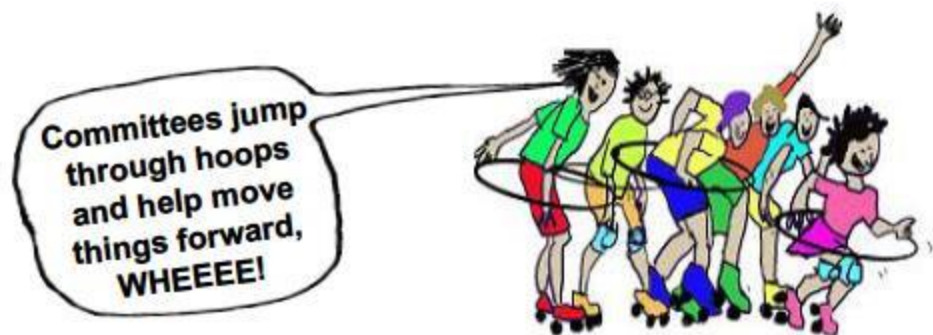


Board Committees

The Board may create Board Committees that can exercise the full power of the Board, so long as the Committee has at least 2 Directors and consists only of Directors.

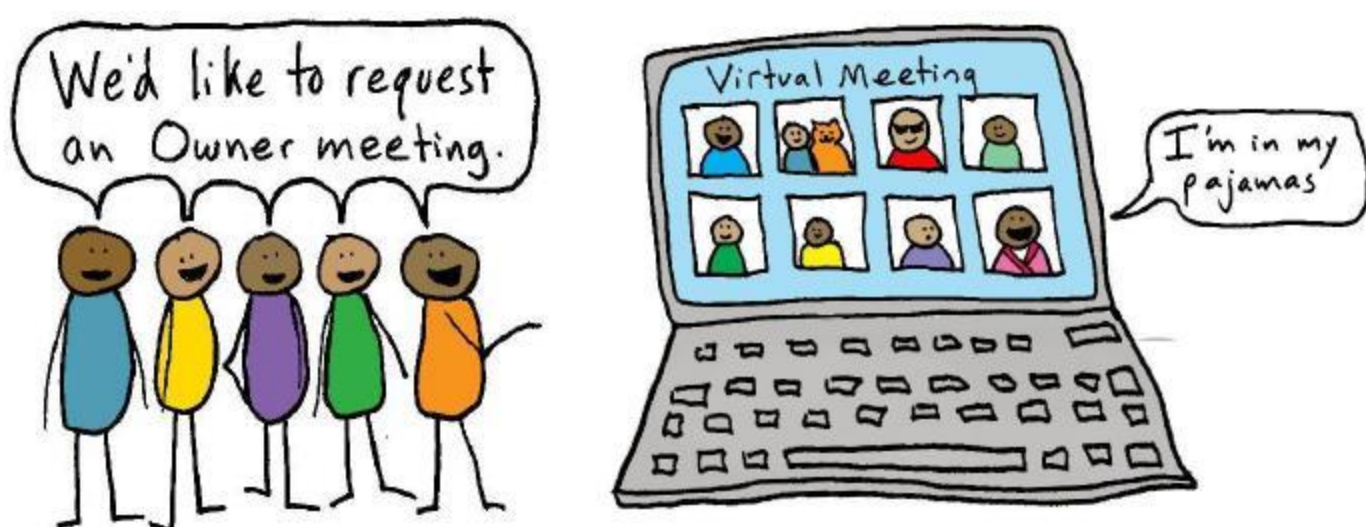
However, a Board Committee cannot make decisions related to:

- Approval of any action that, according to law or these Bylaws, requires approval by the Owners.
- Filling vacancies of the Board or of any committee that has authority of the Board.
- Fixing compensation of Directors for serving on the Board.
- Amendment or repeal of any resolution that the Board has expressly deemed not amenable or able to be repealed.
- Establishment of committees of the Board.
- Expenditure of funds to support a nominee for Director.



Owner Meetings

The Board will organize at least **1** Owner meeting per year and give Owners at least **30** days notice, describing the agenda and topics to be voted on. The Board will organize additional Owner meetings at its discretion or if a meeting is requested by **10** Owners or **5%** of Owners, whichever is smaller. In this case, the Board will give Owners at least **10** days notice. By joining the Cooperative, Owners consent to the holding of virtual meetings.

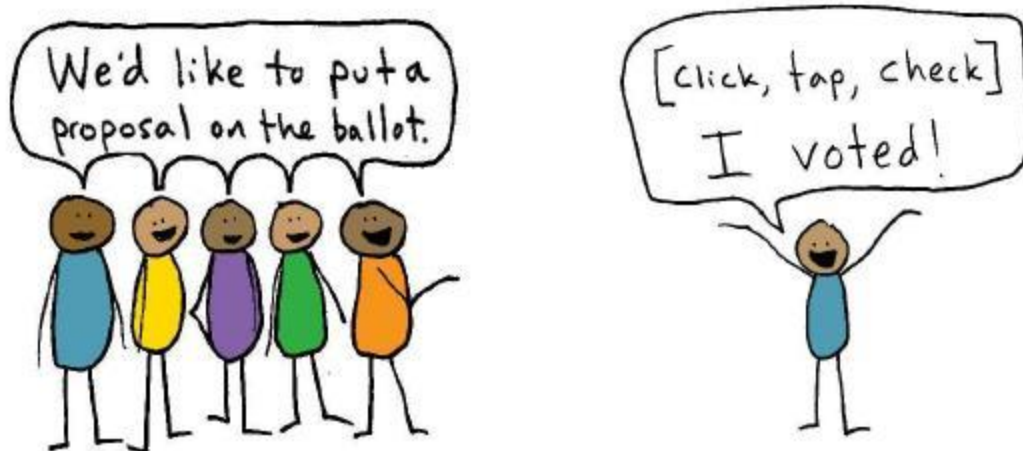


Owner Proposals and Decisions

If requested by **5%** of Owners or if requested by **2** Board members, the Board will **put a proposed decision or discussion topic on an Owner meeting agenda or submit a proposal (virtually or by mail) to the Ownership for a vote** outside of a meeting.

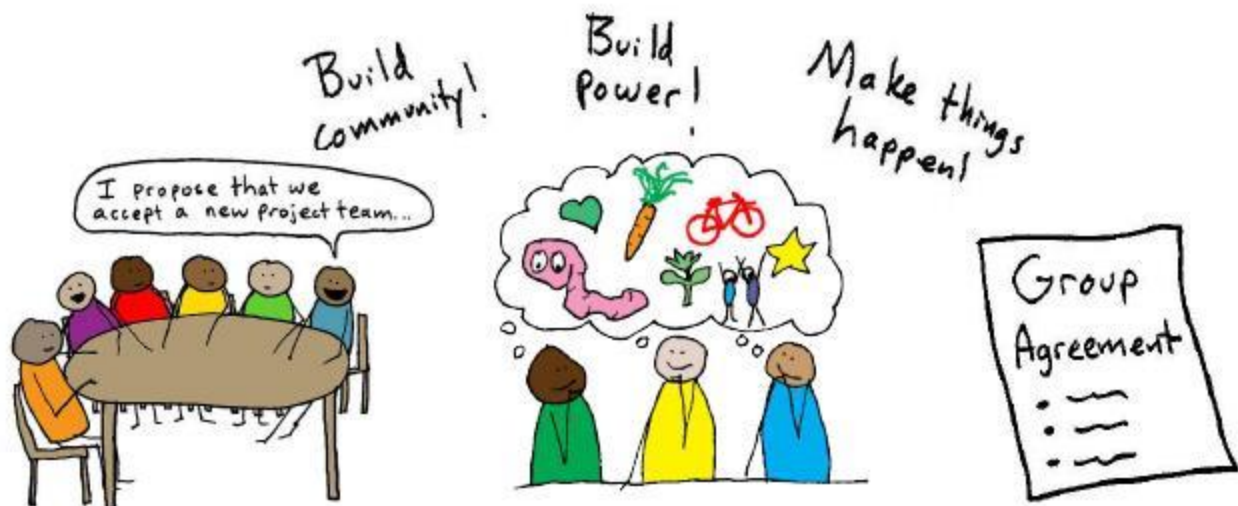
Votes may be taken in or outside of meetings using paper, electronic voting, or raised hands. **A quorum for meetings and votes is 5% of Owners or 5 Owners, whichever is larger.** Owner decisions may be made by **majority vote**, except where a higher voting threshold is required by these Bylaws or another policy.

Regardless of the number of Ownership classes held by an Owner, **each Owner shall have one (and only one) vote** on any decision put to Owners, or on the election of any Director seat.



Owner Groups

To ensure that the work of EB PREC is shaped by and responsive to the community, Staff Trustees shall **create and disseminate a process whereby Community Owners, Resident Owners, and/or Staff Owners may form groups and propose to initiate projects with the support of the Cooperative.** This is a critical component of EB PREC's work to build community power and leadership capacity, and forming "Owner Groups" is one important way for Owners to shape things in their lives and communities. Owner Groups may include groups of tenants who jointly steward a building, people seeking to buy property and form a household together, groups of organizations seeking to buy a shared building, neighbors organizing to protect a building or land, or a group of Owners spearheading a policy advocacy campaign. Such groups must be rooted in EB PREC's Points of Unity, and will be required to implement democratic and participatory governance and to adhere to any other reasonable requirements described in the process to be created by Staff Trustees.



Amended: 12/19/2018

Slide code:
EBPREC.BY.MEM.CMTE.1

By: theselc.

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Keeping Everyone Informed



The Board Secretary will make the following information available online or via email for Owners:

- Director and Owner meeting agendas and minutes,
- Financial statements and an annual financial report, prepared no later than 120 days from the close of the fiscal year, and
- Policies applicable to Owners, Board, and Staff.

In all realms of governance, including the Board, Committees, Staff, and Owner Groups, detailed records of activities and decisions should be kept and made easily accessible to people involved in or affected by those activities and decisions.

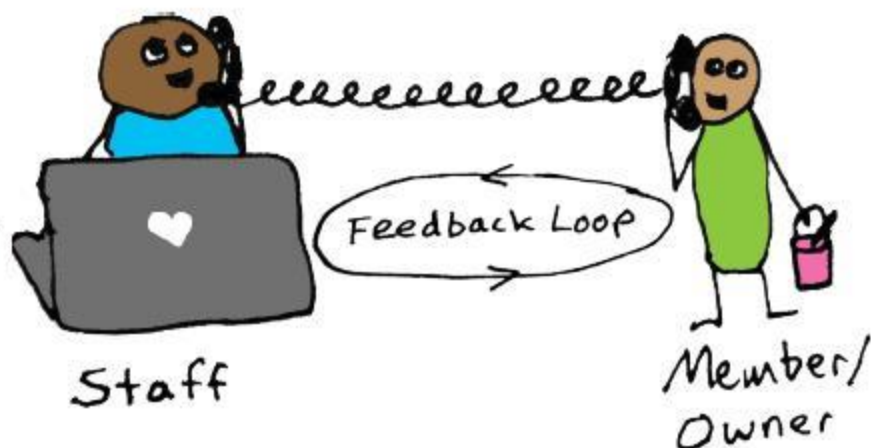
The Staff Trustees of EB PREC

All Staff Owners shall also be Staff Trustees, as described here and in the following slides.

While Owners, collectively, have power to elect the majority of the Board and make major decisions, a significant portion of Owners' power will be exercised in collaboration with or with the support of the Cooperative's staff. Given that staff are an essential channel of power for Owners, and given that staff will be doing a substantial portion of the work to advance the Cooperative's mission, each Staff Owner is essentially holding the Cooperative's work "in trust" for the benefit of Owners and the community.

Thus, Staff Owners of the Cooperative will take on a level of responsibility and accountability akin to that of a typical Board of Directors or "trustees."

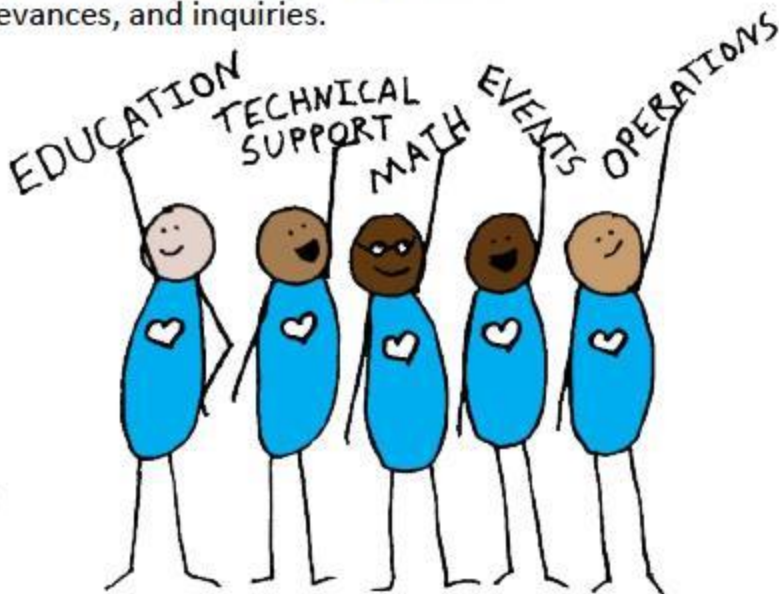
This level of responsibility mandates a non-hierarchical workplace that distributes power to all workers, allowing them to be directly responsive to needs of Owners. This more equitable distribution of power should be reflected in more equitable distributions of pay.



Responsibilities of Staff Trustees

Except as otherwise provided, the Board delegates management of the Cooperative to Staff Trustees. Staff Trustees shall have the responsibility to:

- **Adhere to and advance the Mission and Points of Unity** expressed in these Bylaws.
- **Maintain a clear structure for self-management** that ensures that all Staff Trustees have relatively equal powers and opportunities to shape the Cooperative.
- **Make decisions using a clear, participatory, and well-documented process.**
- **Take action to resolve problems** and tensions perceived by the Staff Trustees.
- **Engage with Owners** and facilitate their involvement with the Cooperative.
- **Respond** to important opportunities, grievances, and inquiries.
- **Maintain clear internal communication** processes, including conflict transformation policies, practices, and trainings such as in nonviolent communication.
- **Maintain transparent and effective sharing of information** throughout organization.
- **Provide meaningful leadership development opportunities** for each other and effectively onboard new Staff Trustees over time.



Rights and Powers of Staff Trustees

To fulfill their duties and responsibilities to the Cooperative, Staff Trustees shall have the power to:

- **Propose new or change existing initiatives, activities, and policies**, and to carry out such proposals after having integrated feedback of other relevant Staff Trustees and Owners.
- **Recruit, hire, and – in certain cases – remove** other Staff Trustees. (See [Removing Staff Trustees](#).)
- **Collectively manage work and schedules.**
- **Take part in semi-autonomous committees** or circles among the Staff Trustees in order to carry out specific projects or functions of the Cooperative.
- **Not be confined to a fixed job description**, but to dynamically share a potentially wide variety of roles with other Staff Trustees.
- **Receive pay that is relatively “on par” with that of other Staff Trustees**, except to the extent that pay differentials emerge from the Staff Trustees’ own peer-based system of setting compensation, so long as all compensation arrangements are approved by the Board.
- **Work in a nourishing work environment** that lets every Staff Trustee bring their whole selves to work and rise to their personal potential, enabling staff to feel emotionally invested in their work and motivated to carry out the Cooperative’s Mission.
- **Maintain a safe and effective workplace** by engaging in restorative practices and conflict mediation when needed.



Oversight of Staff Trustees

Oversight: The Board shall develop a system to regularly assess the efficacy of the Staff Trustees in fulfilling their responsibilities, as described in the Bylaws (see “Responsibilities of Staff Trustees”) and other policies. The **Governance Director shall provide Owners with an annual written assessment of the Staff Trustees.** This assessment shall be brief and provide a high level overview, omitting potentially sensitive details about individuals. **The Owners may, by petition signed by 10% of Owners or 50 Owners (whichever is higher), require the Board to conduct a more thorough Performance Review of the Staff Trustees** to determine whether they are fulfilling their responsibilities, looking at the performance of each Staff Trustee, reviewing practices, assessing values-alignment, and reviewing compliance with policies. Such a Performance Review must be completed within 2 months of the request by Owners.

The Board shall temporarily – fully or partially – suspend delegation of management to Staff Trustees and assume full or partial management of the Cooperative if:

- 2/3 of all non-staff Board Members agree by vote that the Staff Trustees, as a whole, are failing in one or more of their responsibilities; or
- After a Performance Review (see above), Owners vote and agree that Staff Trustees, as a whole, are failing in one or more of their responsibilities.

In the event of suspended delegation, the Board shall work in earnest with the Staff Trustees to resolve problems and improve fulfillment of responsibilities, which may include managing a hiring or firing process. **The Board shall make a good faith effort to restore delegated management to Staff Trustees as soon as feasible.**

Removing Staff Trustees

While the Cooperative is committed to doing the healing work required to create regenerative and cooperative relationships in the workplace, a Staff Trustee may be removed for any lawful reason if the following procedures are satisfied:

If there are fewer than 5 Staff Trustees: A Staff Trustee may be removed by a vote of 75% or more of the Board, or if at least 2/3 of Staff Trustees request removal and a majority of the Board approves. The Staff Trustee subject to removal, if they are on the Board, may not be counted among the Board members who vote in the Board decision.

If there are 5 or more Staff Trustees: A Staff Trustee may be removed by a vote of 75% or more of Staff Trustees (not including the person subject to removal), or by a vote of 75% or more of the Board. The Staff Trustee subject to removal, if they are on the Board, may not be counted among the Board members who vote in the Board decision.

Notice and opportunity to be heard: All Staff and Board members must be given at least 15 days' prior written notice of the intent to vote for removal of a Staff Trustee at a meeting, along with the reasons for the proposed termination. The Staff Trustee subject to removal must be given the opportunity to be heard by the voting body prior to the removal vote.

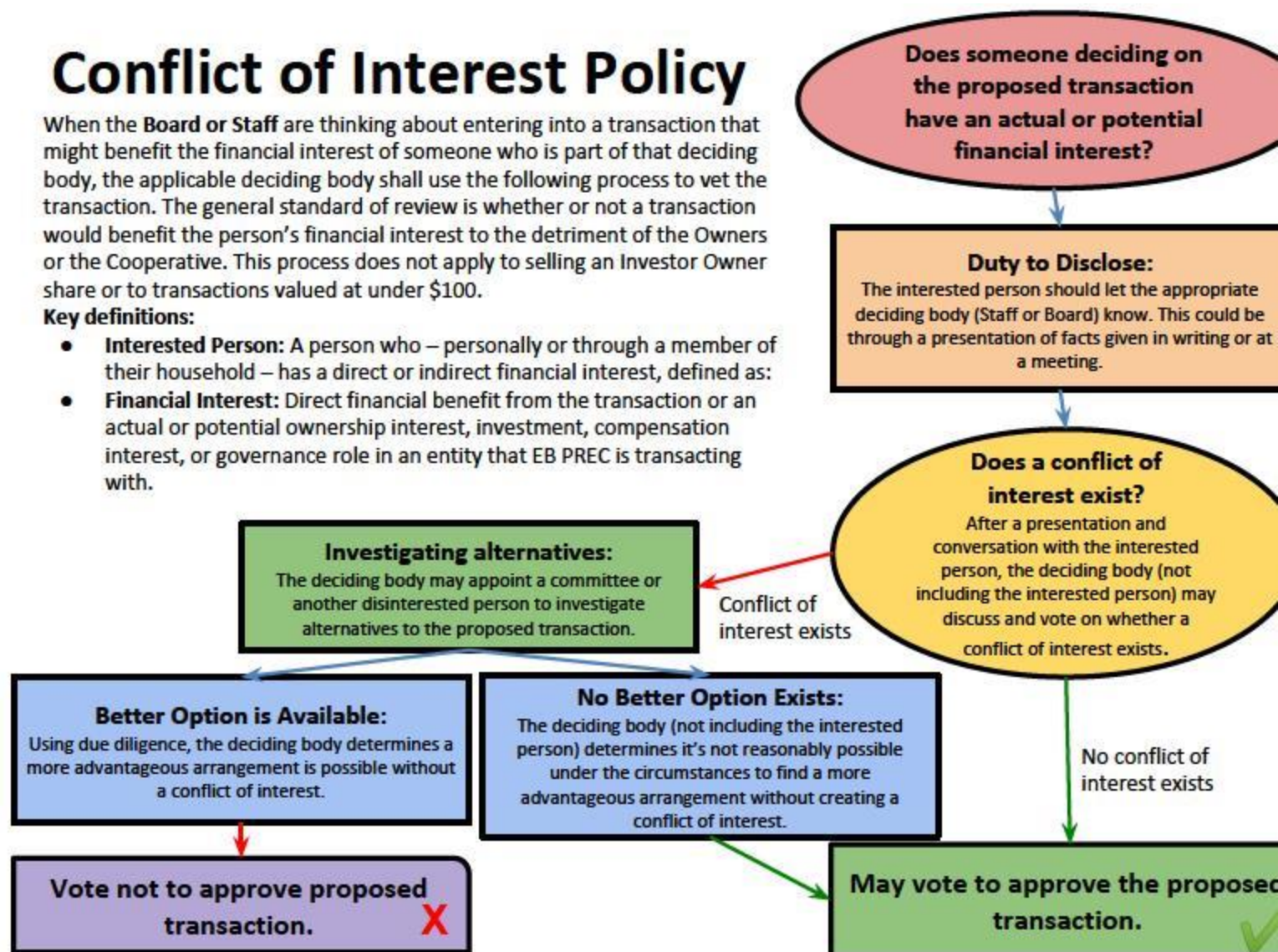
Discretion to deviate from process: The Board and Staff Trustees reserve the right to modify or break from the notice and hearing procedures described above if it is determined that doing so is required to protect against: (1) an immediate threat to people's health and safety, or (2) immediate and significant harm to the Cooperative's operations, integrity, or existence.

Conflict of Interest Policy

When the **Board or Staff** are thinking about entering into a transaction that might benefit the financial interest of someone who is part of that deciding body, the applicable deciding body shall use the following process to vet the transaction. The general standard of review is whether or not a transaction would benefit the person's financial interest to the detriment of the Owners or the Cooperative. This process does not apply to selling an Investor Owner share or to transactions valued at under \$100.

Key definitions:

- **Interested Person:** A person who – personally or through a member of their household – has a direct or indirect financial interest, defined as:
- **Financial Interest:** Direct financial benefit from the transaction or an actual or potential ownership interest, investment, compensation interest, or governance role in an entity that EB PREC is transacting with.



Communications from EB PREC

The Cooperative may provide notice, ballots, and any other communications to Owners, Staff Trustees, and Directors by mail, text message, email, or another electronic platform accessible to Owners and Directors. **By joining the Cooperative, an Owner consents to receiving notice and other communications via email, and to using an electronic voting platform.** An Owner or Director may withdraw this consent by requesting – in writing sent to the EB PREC Secretary – that communications be made available to the Owner or Director in non-electronic form.



Binding the Cooperative

The Secretary, President, or Treasurer may sign a document or make a binding commitment on behalf of the Cooperative. The Board may designate other people, such as certain Directors or Staff Trustees, to do the same.

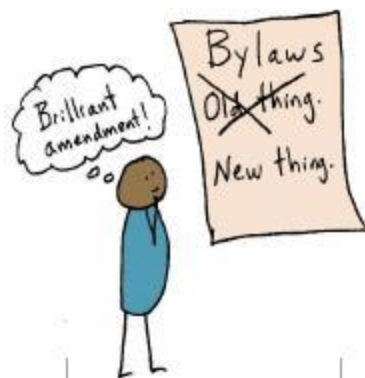


Changing the Bylaws

With exceptions listed below or on a specific Bylaws page, these Bylaws may be changed by approval of 2/3 of Owners at a duly called Owner meeting, or by 2/3 of those voting by electronic ballot duly submitted to Owners, so long as a quorum participates. Exceptions include:

1. **Changes to the Bylaws (including formatting changes) not affecting the decision-making power or financial rights of Owners** may be made by approval of 2/3 of the Board.
2. **Resources linked to in the footer** of each Bylaws page may be changed by approval of 2/3 of the Staff Trustees, because they are there for informational purposes and do not affect the binding provisions of the Bylaws.
3. **Situations where a different process or voting threshold is required for a Bylaws page** that so indicates in a footnote or elsewhere on the page.
4. **Bylaws pages that indicate that amendment requires approval by the Vision Protectors**, the process for which is described on the slide entitled "Vision Protectors."

Each time a page in the Bylaws is amended, the Board Secretary will email a copy of the new Bylaws to all Owners and Vision Protectors, and will put the Bylaws on the EB PREC website. The website will include an archive of all old Bylaws. Each page of the Bylaws will include a date showing when it was most recently amended, so that Owners can easily see where changes have been made.



Amendment of this slide requires
approval of Vision Protectors
Amended: 12/19/2018

Law: 12224, 12463, 12330(b), allowing for specified individuals to approve
Bylaws amendments.

Slide code:
EBPREC.BY.GEN.AMD.1

By: theselc.

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Vision Protectors

Parts of the Bylaws are intentionally difficult to change, in order to prevent powerful stakeholders from steering the Cooperative away from its vision or pressuring the Cooperative to sell off assets intended for permanent community benefit. Any page of the Bylaws with a footnote that says "Amendment of this slide requires approval of Vision Protectors," may not be changed without the approval of 2/3 of the below individuals (the "Vision Protectors"), if living.



A proposal to amend such a page must be sent to the below individuals by email with a request for written approval or disapproval and a deadline to respond within 50 days. EB PREC shall maintain records of all such communications. A Vision Protector will be presumed to have approved the change if, after EB PREC sends them two reminder emails spaced a week apart, they fail to respond with approval or nonapproval within 50 days of the first email.

<u>Janelle Orsi</u>	<u>Gregory Jackson</u>	<u>Noni Session</u>	<u>Marissa Ashkar</u>
<u>Chris Tittle</u>	<u>Deanna Van Buren</u>	<u>Keta Price</u>	<u>Colin Miller</u>
<u>Deseree Fontenot</u>	<u>Tavi Baker</u>	<u>James Garrett</u>	<u>Erin Axelrod</u>
<u>"Devi" Manish Subhash Vaidya</u>			

Amendment of this slide requires
approval of Vision Protectors
Amended: 3/31/2019

Law: 12330, allowing for specified individuals to approve Bylaws amendments.

Slide code:
EBPREC.BY.GOV.VP.2

By: theselc.

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Part 3:

Stewarding Finances

Dollars will play a very carefully stewarded role in EB PREC. Let's transform the role of dollars in real estate! Typically, real estate businesses use land ownership to extract dollars from our communities. EB PREC transforms this equation, explicitly rejecting the practices of land speculation and of extracting profits from property. EB PREC, conversely, uses dollars as a tool and a means to building true wealth for communities: permanent control of land, enabling long-term thriving and social transformation. To this end, the following slides describe standards for financial decision-making and accounting for EB PREC.



1. Decentralized Finances

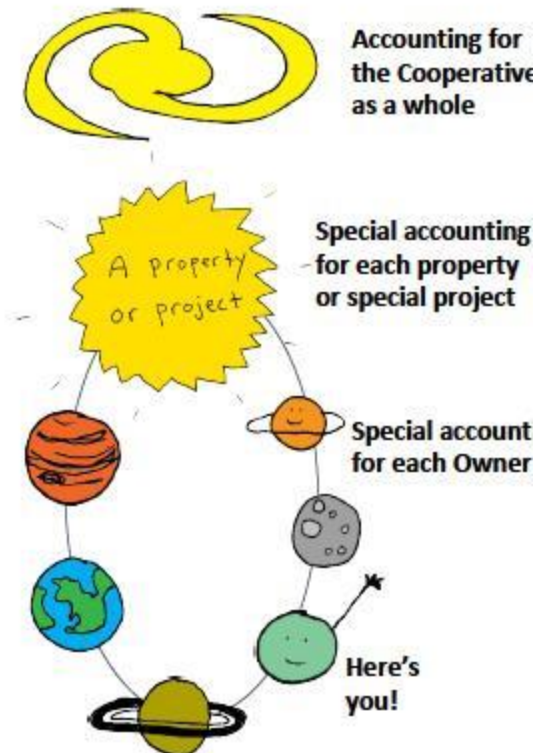
EB PREC will create many centers of financial decision-making and accounting.

To offer a visual, explanation: If EB PREC were a **galaxy**, many properties and projects within EB PREC would be **solar systems** within that galaxy, and the Owners involved in that property would be **planets** in those solar systems. So here's how galactic financial management will work:

Galaxy: EB PREC will do accounting for the Cooperative as a whole, and the Staff Trustees and Board, primarily, will make financial decisions that impact and steward the Cooperative as a whole.

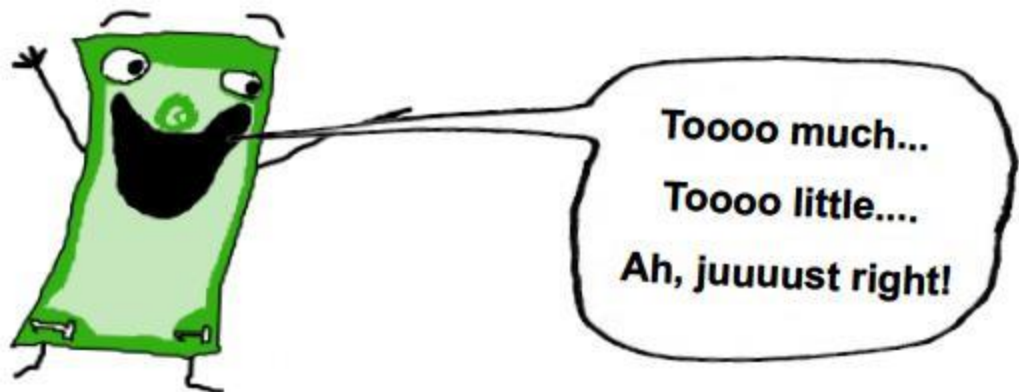
Solar Systems: EB PREC is like a cooperative of cooperatives. EB PREC will separately account for the income, expenses, and assets specific to many properties and projects. This facilitates the return of surplus income to the Owners who generated that income through payments made in connection to that project or property. EB PREC will put some financial decisions in the hands of Owner Groups, so such groups can make the most of their own resources toward collective thriving. For example, when residents of a building have greater decision-making power over income and expenses related to their building, they are better positioned to draw upon their own skills and creativity to solve problems of long-term affordability.

Planets: EB PREC will further maintain accounting records specific to each Owner, tracking Investor Ownership shares purchased, certain payments made by each Owner, and accumulation of dividends and patronage refunds allocated to each Owner. For each Owner who has dividend allocations, and/or patronage refunds, EB PREC will maintain an individual Owner Account to track amounts due to the Owner. See slide on "Paying Owners When They Leave."



2. Non-Extractive Compensation

One of the most powerful elements of EB PREC's financial structure is the following set of rules to prevent extraction from and exploitation of people and land. People both provide and receive value from EB PREC, and the following slides describe how that value can flow in a balanced way. EB PREC aims to avoid extractive imbalances arising from excessive pay to executives (or, conversely, non-living wages paid to workers), excessive return on capital, or excessive profit from real estate ownership. The following slides describe both **a floor (minimum standards) and ceiling (caps/maximum limits) for compensation and other financial benefits received by people who work for, steward land of, or provide capital to EB PREC.**



Employee Compensation: Floor & Ceiling

Employees shall be fairly compensated.

Either of the following two methods of determining compensation shall be presumed to be fair, though other methods of determining fairness may be applied:

- 1) The employees collectively choose and all voluntarily agree to their rates of compensation, and the Board approves it, or
- 2) Employees receive, at minimum, the amount considered by the MIT Living Wage Index to be a living wage for 1 Adult and 1 Child living in Alameda County.

Employees shall be equitably compensated.

Either of the following methods of pay calculation shall be presumed to be equitable, though other methods of determining equitability may be applied:

- 1) All employees are paid at the same rate, or
- 2) The ratio of highest to lowest paid employee shall not exceed 2:1 and the exact rate of pay for employees is determined with substantial input from all employees.

Capped compensation: Employee compensation **shall not exceed 3 times the median** per capita wage for all occupations in the Oakland-Hayward-Berkeley Metropolitan Division, as calculated by the Bureau of Labor Statistics in its most current Area Occupational Employment and Wage Estimates. For example, as of May 2017, the median hourly wage for all occupations in this region is \$22.89. In this case, an EB PREC employee could not be allowed to make more than \$68.67 per hour or **\$137,340 per year** for full time work.



Amendment of this slide requires
approval of Vision Protectors
Amended: 3/31/2018

Resources: [Bureau of Labor Statistics Data](#) and [MIT Living Wage Calculator](#)

Slide code:
EBPREC.BY.FIN.CAPS.Staff.1

By: theselc.

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Resident Financial Benefits: Floor & Ceiling

Resident Owners shall receive **fair financial benefits for land stewardship**. Unlike conventional renters, Resident Owners shall have the **opportunity to build equity** as they make monthly payments and improve their property. These benefits will be specified in a Resident Share Agreement, which must include:

- 1) **A purchase price for their Resident Share,**
 - 2) **A right to occupy a unit or other portion of a property,**
 - 3) **A provision for monthly payments**, a portion of which will cover expenses related to the property and the Cooperative, and a portion of which will go toward paying down the Resident Owner's purchase price,
 - 4) **An agreement that the Resident Owner may, when they leave, redeem their Resident Share and receive the present value (accounting for inflation) of what they have paid, to-date, toward their purchase price, with reasonable adjustments for the condition of the property,**
 - 5) **An agreement to reduce the Resident Owner's monthly payments once they fully pay the purchase price,**
 - 6) **A system for determining how unspent surpluses from Resident Owners' monthly payments will be calculated and allocated, such as through patronage refunds, and**
 - 7) **A system for approving and fairly compensating Resident Owners for making capital improvements.**
-

Limited equity / capped return of 5%: When they redeem their Resident Share, Resident Owners shall receive a return that equates to **no more than a 5% return** accumulating annually on what they have paid toward the purchase price of their Resident Share. The Resident Share Agreement shall also set limits to prevent Resident Owners from extracting profits through subletting and short-term rentals (like with Airbnb).



Amendment of this slide requires
approval of Vision Protectors
Amended: 12/19/2018

Slide code:
EBPREC.BY.FIN.CAPS.Resi.1

By: theselc.

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Investor Return: Floor & Ceiling

Intention to pay dividends of approximately 1.5% on Investor Owner shares:

As fair compensation for Investor Owners who provide capital to EB PREC, the Board shall strive to declare dividends of approximately 1.5% per year on Investor Owner shares, with the exception of shares of Investor Owners who voluntarily elected to have no dividends. The goal with 1.5% is to simulate or slightly exceed the return Investor Owners could earn if they had put their money in a savings account. The Board also has the authority to not declare dividends in a given year if doing so would put undue financial strain on the Cooperative. Dividends will either be disbursed to Investor Owners or accrued for later payment, and the Board has the authority to decide the timing of payment.

Capped return of 5%: Keeping in mind that the cost of capital is passed on directly to residents of EB PREC land, and keeping in mind that the cost of capital substantially impacts the affordability of land, the **return paid to Investor Owners shall not exceed 5% per year** on the amounts paid by Investor Owners to purchase shares.

Since the above rules apply only to Investor Owners, **EB PREC shall also limit the return it pays on capital from other sources.** EB PREC may never pay a return rate of 15% or more per year on capital received, whether in the form of loans or shares. Ideally, return paid would be much lower. This is to prevent extractive capital from harming the Cooperative.



Amendment of this slide requires
approval of Vision Protectors
Amended: 12/19/2018

Law: 12451 on limited return on capital in CA Cooperative Corporations.

Slide code:
EBPREC.BY.FIN.CAPS.Invr.

By: theselc.

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3. Giving Surpluses Back to Owners

After the end of every fiscal year, EB PREC shall do the following:

1. **Determine available surpluses generated by Owners:** For many of its properties and projects (as detailed in the following slides), EB PREC shall determine the amount of net income generated by the property or project, then determine what proportion is "Owner surplus," meaning that it is attributable to Owner "patronage," meaning payments – such as monthly Resident Share payments or other fees – made by Owners to the Cooperative. (The proportion that is attributable to other sources – such as grants, subsidies, or payments from non-Owners – may not be paid out to Owners as patronage refunds.)
2. **Allocate some or all Owner surpluses to Owners as patronage refunds:** EB PREC shall then, in accordance with any Resident Share Agreements or other contracts in connection with a property or project, allocate some or all of the surplus income as patronage refunds among involved Owners in proportion to monthly Resident Share payments, fees, or other payments that each Owner made to EB PREC during the fiscal year for the property or project. EB PREC may disburse the patronage refunds, allocate them to individual Owners' Accounts, or both. When patronage refunds are allocated to Owners' Accounts, EB PREC shall generally aim to disburse them within 5 years of making the allocation, though may also choose to retain them longer for the purpose of building a larger reserve for maintenance and operations of a specific property or for the Cooperative as a whole.

No surpluses will be generated from Staff Owner labor or Investor Owner shares, since neither pays fees, rent, or dues to the Cooperative, and they are otherwise compensated for their labor and capital. The following slides provide detail on **how patronage refunds are determined for Resident Owners and Community Owners.**

If, instead of surpluses, there are losses on a particular property or project, the losses will be allocated in any manner that the Board determines to be fair and equitable, in consideration of the circumstances leading to the loss.



Giving Surpluses Back to Community Owners

As a general rule, Community Owners will not get patronage refunds, because net income they generate will be spent for their benefit, or it would be too small to justify the administrative cost of making patronage refunds. Net income associated with activities involving and provided to Community Owners will be re-invested in the Cooperative to expand activities that benefit Community Owners. This includes income from Community Owner dues, and other income from activities like trainings, organizing, community-building events, and technical, operational, and financial support for groups organizing to acquire land.



An exception to the above rule allows for patronage refunds for specific activities: When a specific activity is anticipated to generate potentially substantial surplus income, the Board may adopt a resolution declaring that some or all net income from that activity shall be returned to Owners on the basis of patronage. For example, if EB PREC develops a course and charges \$1,000 per person for the course, the Board may declare that some or all unspent funds will ultimately be returned to Owners participating in the course as a patronage refund. However, income that is not sourced from Owners – such as grants, donations from non-Owners, and event fees from non-Owners – shall not be distributed to Owners as part of patronage refunds.

Giving Surpluses Back to Resident Owners

Resident Owners' may receive patronage refunds to the extent that their monthly payments result in a surplus of income for the property. **The method of determining surpluses, the extent to which they are allocated to Resident Owners' accounts as patronage refunds (versus allocated to general Cooperative accounts), and the timing of distributions will all be defined in their Resident Share Agreement.** EB PREC may allocate patronage refunds to Resident Owners' internal accounts, but withhold disbursement in order to build operating and maintenance reserves for the Resident Owners' property.

Rent paid by non-Owners: The portion of net income attributed to rent paid by non-Owner residents may not be allocated or distributed to Owners as patronage refunds.



4. Paying Owners When They Leave

Many Owners will have amounts due to them from the Cooperative when they leave the Cooperative or when one of their categories of Ownership is terminated voluntarily or involuntarily. The following slides describe who may have amounts due and how those amounts are determined.



EB PREC may choose to pay amounts due over a period of years with interest:

EB PREC may pay the full amount due immediately, or pay only part of it, converting any unpaid amount to a promissory note payable to the former Owner in installments. After one year, any unpaid amounts shall begin to accrue and annually compound interest at a rate of 1.5% per year. EB PREC will make reasonable efforts to pay all notes within 1 year, but may extend it up to 5 years in the event that payment of the note would leave the Cooperative unable to meet its other financial obligations. The term may not exceed 5 years without consent from the Owner. A promissory note to an Investor Owner shall also provide that if all current Investor Owners receive a reduction in redemption value of their Investor Owner shares, the Board may choose to apply a proportionate reduction to all outstanding promissory notes of former Investor Owners.

Redemption of **Community Owner** Accounts

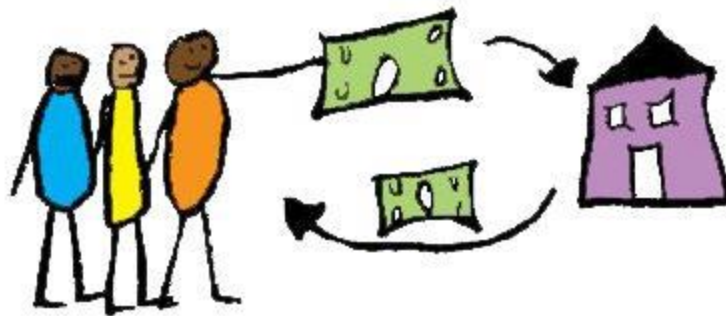
As a general rule, when an individual's Community Ownership is terminated, no disbursement of funds will be made to the former Community Owner, since EB PREC will generally not make patronage refunds on the basis of Community Owner patronage.

The exception is when the Board declares that some or all surplus income from a specific activity will be returned to Owners based on patronage, as described in the slide on [Giving Surpluses Back to Community Owners](#). In this case, any patronage refunds allocated to, but not yet paid to, a Community Owner will become due and payable to the former Owner by the Cooperative.



Redemption of Resident Owner Accounts

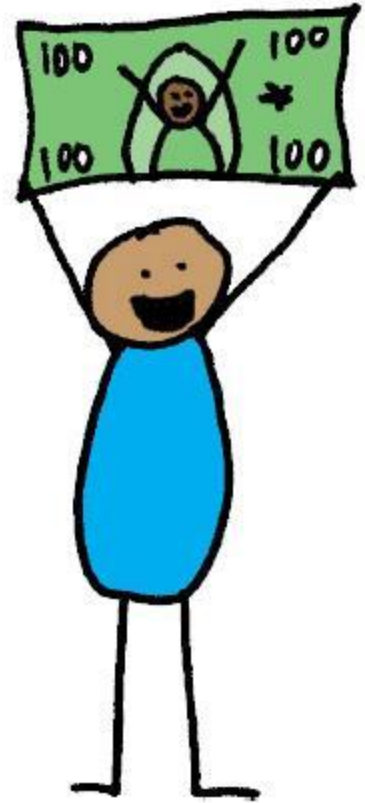
When a Resident Owner terminates their ownership, they will receive all amounts in their Owner Accounts, in accordance with the slide on [Paying Owners When they Leave](#), representing surplus income related to their property which has been allocated but not distributed to them as patronage refunds. This is different than the redemption of a Resident Share, the details of which will be described in each Resident Share Agreement.



Redemption of **Investor Owner** Shares and Accounts

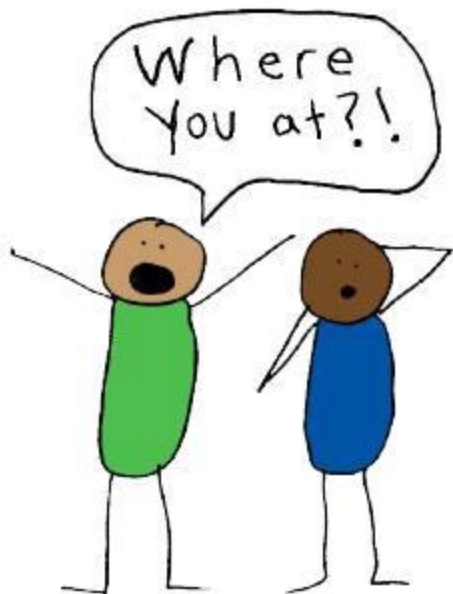
When an Investor Owner withdraws their Investor Owner shares, EB PREC aims to return the full share purchase price (\$1,000 per share), plus any dividends that have accrued but not yet been distributed to the Investor Owner. Investor Owner shares have a 5 year minimum term, meaning an Investor Owner must hold them for 5 years before redeeming.

Important: While the intention is to pay all Investor Owners back with dividends, the Board may decide that the redemption value of shares to all Investor Owners will be reduced, depending on the financial health of EB PREC. Investor Owner shares are a form of equity in EB PREC; therefore, this equity share is at risk of being lost.



If You Can't or Don't Redeem Your Ownership

Designating a beneficiary: The Cooperative shall, within 60 days of accepting an Owner, give that Owner the opportunity to complete a form to designate one or more beneficiaries who will receive payment in redemption of the Owner's ownership interest in the event that the Owner passes away before redeeming their ownership interest.



It's Owners' responsibility to keep the Cooperative updated with a current address and email, but what happens if we cannot find you or a beneficiary to redeem your ownership interest?

An Owner's proprietary interest that would otherwise escheat to the State of California as unclaimed personal property shall instead become the property of the Cooperative if:

1. **EBPREC tries to find you:** The Cooperative must give notice of the proposed transfer by:
 - a. First-class mail to the last address of the Owner,
 - b. Email to all of Owner's email addresses on file with the Cooperative, AND
 - c. By publication in a newspaper of general circulation in the county in which the Cooperative has its principal office, AND
2. **Then EBPREC tries to find any beneficiaries you designate:** If the Cooperative does not reach the Owner through the above means within 60 days, the Cooperative shall then provide notice by the same means as above to any designated beneficiaries using all addresses and email address on file for those beneficiaries. **If no response is received within 60 days, the proprietary interest shall then become property of the Cooperative.**

No property or funds shall become the property of the Cooperative under this section if written notice objecting to the transfer is received by the Cooperative from the affected Owner or designated beneficiary prior to the date of the proposed transfer.

5. Closing or Selling the Cooperative



Any proposal to sell, dissolve, or liquidate the Cooperative **must be approved by 2/3 of all Owners and 2/3 of all Directors**. In such an event, after paying or adequately providing for all debts and liabilities, the Cooperative shall make payments in the following **order of priority**:

1. **Redeem all Resident Owner Account balances**, and if funds are not available for full redemption, then payments shall be reduced proportionally for each resident.
2. **Redeem all Resident Shares** on the terms spelled out in each Resident Share Agreement, and if funds are not available for full redemption, then payments shall be reduced proportionally for each resident.
3. **Redeem all Investor Owner shares**, and if funds are not available for full redemption, then payments shall be reduced proportionally for each Investor Owner.
4. **Redeem all Community Owner and Investor Owner Account balances**, and if funds are not available for full redemption, then payments shall be reduced proportionally for each Owner.

Distribution of all remaining assets to nonprofit community land trusts or tribes:

Any assets remaining after the above process is completed shall be distributed to at least one California 501(c)(3) community land trust and/or Native American Tribe (self-identified or Federally or State recognized) selected by the current Owners in a participatory selection process to be created and administered by the Board. The Board and Owners shall give priority to land trusts and Tribes representing Black and Indigenous communities.

Amendment of this slide requires
approval of Vision Protectors
Amended: 03/31/2019

Law: 12620-12663

Slide code:
EBPREC.BY.FIN.DIS.2

By: theselc.

(cc) BY-SA

Defending and Compensating Directors, Officers, Staff, and Owners

EB PREC shall have the power to indemnify its Directors, Officers, Staff, Owners, and their agents to the fullest extent permitted by law. EB PREC shall compensate a Director, Officer, Staff or Owner for any expenses incurred from lawsuits, penalties, fines, and costs of defense if the person incurred these expenses in connection with fulfilling their duties as a Director, Officer, Staff or Owner. This is also called "indemnification." However, EB PREC is not obligated to "indemnify" a person if such expenses arose from a situation where the person stole funds, knowingly received funds they were not entitled to, intentionally committed a crime, or recklessly or intentionally harmed EB PREC or its Directors, Officers, Staff, or Owners.



Part 4: Permanent Community Stewardship

We want to enable long-term stewardship of land and other assets. To do this, we must preserve the affordability of Cooperative land and actively prevent power grabs, capture by wealthy elites, and/or the sale of the Cooperative's assets. In other words, we want to prevent the wealthy or the speculative market from swallowing up the Cooperative and its land. The following slides, in particular, are aimed at protecting *permanent* community stewardship.



Amended: 12/19/2018

Slide code:
EBPREC.BY.PUR.PERM.1

By: theselc.

(cc) BY-SA

EB PREC and its land is NOT FOR SALE

EB PREC shall not, under any circumstances, accept an offer by any person or corporation to purchase EB PREC or any of its properties for the purpose of operating or selling EB PREC or the properties for the purpose of profit.



It shall never be considered a violation of a Director's fiduciary duty to vote against a buyout of EB PREC or its properties. In the event that a court is asked to consider whether this section of the Bylaws creates an unreasonable restraint on alienation, the court should analyze this restraint in consideration of the Mission and Points of Unity in these Bylaws, along with a view toward the current economic conditions in the world where the vast majority of wealth is controlled by a relatively small number of corporations and individuals. EB PREC aims to grow the wealth and economic stability of the many, and therefore consciously aims to restrain its ability to contribute to the consolidation of wealth by freely selling EB PREC and its properties to a high bidder.

In addition, a court should consider the following acknowledgment signed by all Owners upon joining the Cooperative: **By joining EB PREC, you agree that – in order to build a more equitable economy, protect land and housing access for all, and combat racialized displacement – it is reasonable to restrain EB PREC's ability to sell properties on the speculative market.**



Amendment of this slide requires approval of Vision Protectors
Amended: 12/19/2018

Law: Background on the history and legality of restraints on the alienation of property: https://en.wikipedia.org/wiki/Restraint_on_alienation

Slide code:
EBPREC.BY.PUR.PERM.Cont.

By: theselc.

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When can EB PREC sell its real estate?

EB PREC may sell or give its real estate only to land sovereignty organizations, defined as nonprofits and cooperative corporations that have a similar mission as EB PREC to protect land and preserve housing affordability in perpetuity.

EB PREC shall aim to protect each property at time of acquisition. At or after the time EB PREC acquires real estate, it shall, whenever feasible, give one or more land sovereignty organizations recorded options or rights to purchase the land if ever EB PREC no longer can or no longer wants to hold title, including in a situation where EB PREC dissolves. At or after acquisition, EB PREC may also grant title to the underlying land or other portion of the property to another land sovereignty organization, as a form of extra protection. If any mortgage or other obligation prevents EB PREC from granting such options, rights, or title at the time of acquisition, then EB PREC shall, whenever feasible, grant such options or rights once the mortgage or other obligations are paid or otherwise satisfied.

EB PREC shall otherwise offer property to land sovereignty organizations at the time of sale.

If no option or right (as described in the paragraph above) is exercised at the time that EB PREC wants or needs to transfer title, then EB PREC must give the first opportunity to purchase the real estate at 70% or less of appraised market value to a land sovereignty organization representing Black and Indigenous communities, with preference given to such organizations formed by or with Resident Owners **and/or neighbors** of a given property. If no such organization is reasonably available or able to purchase the land within 90 days of the opportunity being offered, and if EB PREC cannot afford the to give such organization a longer period to purchase the property, then EB PREC may offer the opportunity on the same terms to other land sovereignty organizations.



Transferring real estate requires Owner Consent. To obtain Owner Consent, the Board shall email details about the proposed transfer to Owners, along with instructions and a deadline to give Owners the opportunity to object to the proposal. The email must contain enough information about the proposed transfer for a reasonable person to evaluate it (description and address of the property, number of residents, reason for transfer, price, sale terms, and information about the organization that will receive the property), as well as a means for Owners to ask questions and object electronically. To register an objection, an Owner shall respond in writing stating that they object and their reason for objection. A proposed transfer will be presumed to have Owner Consent so long as no more than 30 Owners or 10% of Owners (whichever is larger) objects to the proposal by the deadline or within 15 days of the email (whichever is longer). A record of all objections shall be kept and made available to Owners upon request, although names of objecting Owners may be removed prior to sharing.

Amendment of this slide requires
approval of Vision Protectors
Amended: 12/19/2018

Law: 12521, 12620-12663

Slide code:
EBPREC.BY.FIN.SALE.1

By: theselc
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Investor Owner Agreement

You are signing up to invest in and become an Investor Owner of East Bay Permanent Real Estate Cooperative, Inc.! Please carefully read and complete this Investor Owner Agreement.

*** Required**

Email Address* _____

First Name* _____

Last Name* _____

Name of organization or business _____

Investor is an Organization of Business ☐ Yes ☐ No

Address * _____

City * _____

State * _____

Zip Code * _____

Phone Number * _____

Owner Agreement and Acknowledgement

You are becoming an Investor Owner of EB PREC! How Exciting! Here are the important things you should know:

1. By joining, **you affirm your alignment with our Mission and Points of Unity** in the Bylaws.
2. EB PREC is a California **Cooperative Corporation**.
3. **Please review** our easy-to-read cartoon **Bylaws** and **Articles of Incorporation** (www.ebprec.org/documents). They explain your ownership rights, voting power, governance, and other important things.
4. **To remain an Owner** of EB PREC, you must stay current on obligations (like dues, if they apply to you) and other obligations described in our **Bylaws**.
5. Save trees! It's the digital age! By becoming an Owner of EB PREC, **you consent to receiving all notices, ballots, and other communications by email** or other electronic communication. We'll make exceptions and send snail mail if email is a hardship on you and you let us know.
6. **You can't transfer your ownership interest to others**, because it's just for you.

7. **You understand that EB PREC exists to *avoid* profiting from the speculative market** and that EB PREC refuses to sell its properties on the open market. While it may be tempting to think that EB PREC could sometimes sell a property for a cash windfall, EB PREC exists to permanently protect land from the speculative market. **By joining EB PREC, you agree that – in order to build a more equitable economy, protect land and housing access for all, and combat racialized displacement – it is reasonable to restrain EB PREC’s ability to sell properties on the speculative market.**
8. Sales will be made only to residents of the state of California. Offers and sales of these securities are made under an exemption from registration and have not been registered under the Securities Act of 1933. These securities may not be resold.
9. **Let’s talk about MONEY!** Some key things to know:
 1. **Dividends and patronage refunds are not guaranteed.** Some Owners may receive dividends and patronage refunds, but the details of that are complicated and explained in the **Bylaws**.
 2. **If you bought Investor Owner share(s), you must hold them for at least 5 years and not redeem them during that period.** The Board may make exceptions in cases of financial hardship.
 3. **When you terminate and redeem your ownership.** The **Bylaws** explain the details, but basically, EB PREC aims to pay any dividends or patronage refunds that have been allocated (but not yet paid) to you and to buy back your Investor Owner shares at the amount you paid for them. The details of how Resident Owners redeem their Resident Shares will be defined in each Resident Share Agreement, negotiated separately with each Resident Owner.
 4. **When you redeem your ownership, EB PREC may not be able to pay you immediately.** In that case, you’ll get a promissory note saying that we owe it to you and will pay it to you over a period of a year or more. **In other words, think of this as a long-ish term investment and don’t invest money that you might need back immediately.**
10. **If you are buying Investor Owner Shares, you acknowledge that you are taking the risk that you might not get your money back.** Our Cooperative is implementing an innovative model. Investing in innovative things is awesome, but risky. Let’s look at a few “what-ifs:”
 1. The real estate market is ridiculous and has all kinds of ups and downs.
 2. Unemployment can put our residents out of work and cause them to miss monthly payments. EB PREC wants to be flexible and support people to keep their housing, but situations like that will obviously put financial strain on EB PREC and our ability to pay back Owners.
 3. The Cooperative could become unstable if key staff and leaders leave.
 4. Corporate capitalism could destroy the planet before we get a chance to pay you back. You know....so many uncertainties in life, but we’re doing the best we can.

* ☐ I have read, understood, and agree to all the stuff above, especially the part about how I am taking a risk!

* ☐ I have read the East Bay PREC Bylaws and agree to the terms of being an Investor Owner

Investment

Total investment is \$1,000. People who cannot make a one-time payment of \$1,000 may set up regular payments, with a minimum first payment of \$100.

Investment Amount: *

If you're not able to pay the full \$1000 now, please select "Other" and enter your desired first payment towards your \$1,000 investment (i.e. \$500, \$200)

☐ \$1,000

☐ Other: _____

We aim to pay dividends of around 1.5% per year. Please check your preference for dividends: *

☐ Yes, I'd like dividends if EB PREC is able to pay them, thank you!

☐ Actually, don't pay me dividends. I'd rather that money go toward increasing affordable real estate. (No pressure to choose this option, but we provide it because it reduces the cost of capital, helping to create affordable real estate for our community.)

*

☐ I am a California resident

☐ I am a California-based organization or business

* ☐ I am not investing more than \$1,000 in East Bay Permanent Real Estate Cooperative

Enter your full name here to sign and agree to the terms of this Investor Owner Agreement: *

That's It! Yay! Thank You!

Please click below to submit your Investor Owner Agreement to EB PREC. We will follow up with an email to collect your investment, and complete your member profile. Welcome!

A copy of your responses will be emailed to the address you provided.

Submit

Investor Owner Agreement

You are signing up to invest in and become an Investor Owner of East Bay Permanent Real Estate Cooperative, Inc.! Please carefully read and complete this Investor Owner Agreement.

*** Required**

Email Address* _____

First Name* _____

Last Name* _____

Name of organization or business _____

Investor is an Organization of Business ☐ Yes ☐ No

Address * _____

City * _____

State * _____

Zip Code * _____

Phone Number * _____

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5. Save trees! It's the digital age! By becoming an Owner of EB PREC, **you consent to receiving all notices, ballots, and other communications by email** or other electronic communication. We'll make exceptions and send snail mail if email is a hardship on you and you let us know.
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 1. The real estate market is ridiculous and has all kinds of ups and downs.
 2. Unemployment can put our residents out of work and cause them to miss monthly payments. EB PREC wants to be flexible and support people to keep their housing, but situations like that will obviously put financial strain on EB PREC and our ability to pay back Owners.
 3. The Cooperative could become unstable if key staff and leaders leave.
 4. Corporate capitalism could destroy the planet before we get a chance to pay you back. You know....so many uncertainties in life, but we’re doing the best we can.

* ☐ I have read, understood, and agree to all the stuff above, especially the part about how I am taking a risk!

* ☐ I have read the East Bay PREC Bylaws and agree to the terms of being an Investor Owner

* ☐ I have read the Offering Statement issued in connection with this securities offering.

Investment

Each Investment Owner Share costs \$1,000

The amount you may invest could be limited if you are a non-accredited investor. See the definition of accredited investor below and please check one:*

☐ I am an accredited investor.

☐ I'm a non-accredited investor individual and the amount I'm investing is not more than 10% of the greater of my annual income or net worth (see definitions of annual income and net worth in this federal rule: 17 CFR § 230.501)

☐ I'm signing this on behalf of a non-accredited investor business or organization and the amount I'm investing is not more than 10% of the greater of our entity's revenue or net assets for our most recently completed fiscal year end.

An "accredited investor" is one of the following:

A natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person;

A natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;

A business in which all the equity owners are accredited investors;

An employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million;

A bank, insurance company, registered investment company, business development company, or small business investment company;

A charitable organization, corporation, or partnership, not formed for the specific purpose of acquiring the Securities offered, with total assets exceeding \$5 million; or

A director, executive officer, or general partner of the company selling the Securities, or any director, executive officer, or general partner of a general partner of that issuer.

How much would you like to invest? *

Now that you have read about the limits on investment amounts by non-accredited investors, please enter the total dollar amount you would like to invest at this time. Please remember that each share costs \$1,000, and we do not sell fractions of shares. If you are only purchasing one share and would like to set up a payment plan, please complete this form, and follow up with the EB PREC staff collective.

We aim to pay dividends of around 1.5% per year. Please check your preference for dividends: *

☐ Yes, I'd like dividends if EB PREC is able to pay them, thank you!

☐ Actually, don't pay me dividends. I'd rather that money go toward increasing affordable real estate. (No pressure to choose this option, but we provide it because it reduces the cost of capital, helping to create affordable real estate for our community.)

Enter your full name here to sign and agree to the terms of this Investor Owner Agreement: *

That's It! Yay! Thank You!

Please click below to submit your Investor Owner Agreement to EB PREC. We will follow up with an email to collect your investment, and complete your member profile. Welcome!

A copy of your responses will be emailed to the address you provided.

Submit

Center for Cultural Innovation - AmbitioUS

Capital Support Agreement

This Grant from the Center for Cultural Innovation (CCI) is for the purposes described below and is subject to your acceptance of these conditions. This Agreement will become effective once the Agreement is signed by you and is received by CCI.

Beneficiary: East Bay Permanent Real Estate Cooperative (EB PREC)

Support Amount: \$100,000

Support Type: Grant

Terms: Project support grant

Project Period: July 15, 2019-July 14, 2020

Project Description (herein referred to as "Project"): Develop cooperative ownership fellowship to help Alena Museum and East Oakland Collective to stay anchored in the African American cultural community of Oakland, CA.

The payment of this Grant will be made by wire transfer once this Agreement is signed and returned to the Center for Cultural Innovation. We ask that you read it carefully and return one signed copy by **July 15, 2019**, along with a completed W-9 and wire transfer form. You may print out these materials and return them by email as a scanned PDF attachment to lauren@cciarts.org, or by regular mail to: Lauren Bailey, Managing Director, Center for Cultural Innovation, 244 S. San Pedro Street, Suite 401, Los Angeles, CA 90012. Payment will be dispersed within 10 business days of receiving a signed Agreement, completed W-9, and wire transfer form.

We are excited to share information about your project/enterprise publicly through our communication platforms including e-newsletters, social media, and our website. As such, we are requesting that you send us the below via email to ari@cciarts.org and nadia@cciarts.org, also by **July 15, 2019**:

- A high-resolution digital (JPG or PNG, landscape format) photograph that is a representative image of your enterprise or project. Please include the following caption information (if applicable): Names of all individuals who are recognizable (from left to right, top to bottom); City or Location; Title (if applicable); Year; Photographer credit.

CCI ("Supporter") and EB PREC ("Beneficiary") agree to the following terms and conditions of the investment:

1. Supporter will use the grant solely for the Project. If any part of the grant is not used for the Project, Beneficiary will repay that amount to Supporter. Beneficiary must seek and obtain Supporter's approval, in writing, before Beneficiary may spend any part of the grant for any other purpose or if there is substantial changes to the Project. Funds not used during the term of the grant must be returned unless an extension is approved at Grantee's request and in the Supporter's discretion.
2. Beneficiary will submit a final written report upon completion of the Project, no later than **August 14, 2020**. The report must contain a narrative summary and financial accounting of the Investee's principal activities and accomplishments during the investment period. The narrative should include: (a) intended plan for continued community organizing and property acquisition; (b) next stage of income generation (funding or earned) and partnerships; (c) update on Alena Museum and East Oakland Collective's intentions and progress; (d) information about the number of Community Owners and Investor Owners in EB PREC (with explicit information about owners in Alena Museum and East Oakland Collective broken out); (e) total dollar amount of investments in EB PREC, Alena Museum, and East Oakland Collective; and (f) lessons learned, accomplishments, ah ha moments, and stories you want to share. The financial accounting should indicate the overall income and expenses, and how our grant was used, with any notes to explain unanticipated changes. In addition, please include any press, images, videos, or ephemera related to the Project.
3. A representative of the Beneficiary is required to attend the AmbitioUS Convening October 20-23, 2019. CCI will cover the cost of travel and registration. CCI will share more details.
4. For the duration of your grant, please acknowledge our support as you do any other supporters. Please use the following acknowledgement language: "**Center for Cultural Innovation - AmbitioUS.**" If you would like to use our logo, please contact our program assistant, Nadia Chrisanto, nadia@cciarts.org.
5. Beneficiary grants CCI the right to use their provided image(s) and video(s) and name in all forms and media for publicity, marketing, promotional and documentation purposes, and releases CCI and CCI's assigns, licensees, and successors from any claims that may arise regarding the use of their image including any claims of defamation, invasion of privacy, or infringement of moral rights, rights of publicity or copyright. CCI retains the rights to use shared images or videos across our platforms--website, emails, newsletters, social media, etc.--for promotional and non-commercial purposes.
6. All intellectual property and other rights owned by either CCI or a beneficiary prior to the date of this grant, shall be and shall remain the party's exclusive property at all times, including, but not by way of limitation, any and all variations, adaptations, and derivations of any of the same. Any and all ideas, improvements, concepts, developments, information, software, data and/or inventions conceived or developed as a result of our support shall become the exclusive property of the Beneficiary.
7. Beneficiary agrees, to the fullest extent permitted by law, to defend, indemnify, and hold harmless Supporter, its officers, directors, trustees, employees, funders, agents, and program partners, from and against any and all claims, liabilities, losses, and expenses (including reasonable attorneys' fees) directly, indirectly, wholly, or partially arising from or in connection with any act or omission of Beneficiary, its employees, or agents, in applying for or accepting this support, in expending or applying the funds furnished pursuant to this support or in carrying out the program or Project to be funded or financed by the support.

8. Under United States law, CCI's support, and any income earned on the funds, may be only used for charitable, religious, scientific, literary, educational, or other public-benefit purposes. In addition, Grant funds may not be used to carry on propaganda or otherwise attempt to influence the outcome of any election for public office or to carry on, directly or indirectly, any voter registration drives. This grant is not earmarked for lobbying activity or influencing legislation within the meaning of Section 4945(e) of the Code and the accompanying Treasury Regulations, and we have made no agreement, oral or written, to that effect.

9. The Supporter has the right at its discretion to terminate or suspend the grant or withhold payment if (a) it is necessary to comply with any requirements of the law, (b) you fail to comply with any of the terms or conditions of this Grant Agreement, or (c) the Supporter is not reasonably satisfied with your progress. You are also required to immediately repay the Supporter any portion of the grant funds that had not been used for the purpose of the grant, even if already expended.

10. This Agreement supersedes any prior oral or written understandings or communications between Supporter and Beneficiary. It constitutes the entire agreement between the two parties regarding this grant. This Agreement may not be amended or modified, except in writing signed by both the Supporter and Beneficiary.

The above terms and conditions are hereby accepted and agreed to as of the date specified. On behalf of the Center for Cultural Innovation:

/s/ Angie Kim
Angie Kim
President and CEO
July 11, 2019

On behalf of Beneficiary:

First & Last Name: _____ Ojan Mobedshahi _____
Signature: _____ /s/ Ojan Mobedshahi _____
Title (print): _____ Treasurer and Finance Director _____
Organization Name (print): _____ East Bay Permanent Real Estate Cooperative _____
Date: _____ 7/25/19 _____

Enclosed: IRS Form W-9
CCI Wire Transfer Form

PROMISSORY NOTE

Principal Amount: \$100,000.00

Effective Date: March 28, 2018

1. **Obligation.** The undersigned, East Bay Permanent Real Estate Cooperative, Inc. ("**Borrower**") hereby promises to pay to the order of Community Ventures ("**Holder**") the Principal Amount stated above and interest as described below. As used in this Note, the term "**Holder**" includes each subsequent transferee or owner of this Note.
2. **Payment.** Unless accelerated by Holder as a result of a default under this Note, all principal and accrued interest will be due and payable as follows:
 - (a) Beginning on January 1, 2018 until the Maturity Date (as hereinafter defined), interest will accrue at a fixed rate of 6.85% per annum. On the First Payment Date (which shall be December 31, 2018) and continuing until the Maturity Date, Borrower will make two annual interest only installment payments followed by equal annual installment payments of principal and interest, in arrears, in an amount sufficient to fully amortize the principal balance of the Note and all accrued interest over an amortization period equal to the term of the loan less two years of interest only payments, as shown in the Amortization Schedule in Appendix A.
 - (b) The first annual payment will be due on the First Payment Date and each additional annual payment shall be due on the last day of each succeeding calendar year until and including the Scheduled Maturity Date.
 - (c) The "**Maturity Date**" is the date upon which all principal and interest is due and payable and is December 31, 2024.
3. **Prepayment.** Pre-payment of this Note is available to Borrower at any time following the date of this Agreement, without penalty or premium, provided that such payment results in the receipt by Holder of **\$135,155.98**.
4. **Manner and Time of Payments.** Except to the extent otherwise provided herein, all payments and other amounts to be made by the Borrower hereunder shall be made in United States dollars, in immediately available funds, to the Holder at such account as the Holder shall specify by notice to the Borrower from time to time, not later than 5:00 p.m. pacific time on the date on which such payments shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). Such payments shall be made without (to the fullest extent permitted by applicable law) defense, set-off, or counterclaim.
5. **Late Payments.** If any payment required to be made under the Note is not paid within fifteen (15) business days after the date due, Borrower shall increase the payment by \$200, to reimburse Holder for the additional expenses to be incurred as a result of such delinquency, but such increase shall not obligate Holder to accept any overdue payment **if it is more than 30 days late** hereunder nor limit the rights and remedies available to Holder as a result of Borrower's default, as hereinafter provided. The amount of any such increased payment shall be deemed outstanding and payable pursuant to this Note.

6. **Lift Economy/Lift Economy Law Services.** Beginning on the date of this Note, Lift Economy and/or Lift Economy Law shall work with Borrower to provide business and/or legal services. The content of the services to be provided shall be designed through ongoing consultation between Borrower and Lift Economy. In exchange for these services, Borrower shall pay a total fee of \$18,000 to Lift Economy on a schedule to be mutually agreed upon. .
7. **Events of Default.** Each of the following shall constitute an event of default (each, an “Event of Default”) hereunder:
- (a) Non-payment under Note. The failure of Borrower to pay any payment due and payable under this Note to Holder within thirty (30) days of when such payment is due.
- (b) Non-performance. The failure of Borrower to perform or observe any of the provisions, terms, covenants, conditions, or warranties of Note, provided that such default is not cured prior to the expiration of any applicable notice and grace periods provided therein.
8. **Remedies.** Upon the occurrence of any Event of Default or any other situation in which one party believes that the other has failed to uphold their end of this agreement, prior to initiating any action in court, either party may request and both parties shall attend up to two mediation sessions in which the parties agree to work, in good faith, to find a workable solution. Parties agree to split the cost of mediation and each shall pay for their own additional costs, such as for legal counsel, if any. **However, if the Event of Default is as a result of non-payment under section 7(a), this requirement for mediation shall not apply and Holder may pursue other remedies described in this paragraph below.** If the mediation fails to bring parties to a resolution, then, in the case of an Event of Default, Holder shall have the option of declaring the entire unpaid balance of the Note, together with all accrued and unpaid interest, late fees and all other sums owing hereunder, to be immediately due and payable in full, without notice, demand or legal process of any kind. Immediately upon so doing, Holder may exercise (singly, concurrently, successively or otherwise) any and all rights and remedies available to Holder hereunder, or otherwise available to Holder at law or in equity. Any failure of Holder to accelerate the unpaid balance of the Note upon the occurrence of an Event of Default hereunder shall not constitute a waiver of such default or of the right to accelerate the Note at any time thereafter so long as the Event of Default remains uncured.

The failure to exercise or delay in exercising any such right or remedy, or the failure to insist upon strict performance of any term of any of such documents, shall not be construed as a waiver or release of the same, or of any Event of Default, or of any obligation or liability of Borrower thereunder, nor shall Holder be deemed, by any act of omission or commission or otherwise, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder, and then only to the extent specifically set forth in the writing. A waiver as to one event shall not be construed as continuing or a bar to or waiver of any right or remedy as to a subsequent event.

9. **Costs, Expenses and Review Fees.** Except as otherwise provided in the section on mediation above, if Holder retains the services of legal counsel or other collection agents in order to collect any sums due hereunder after the occurrence of an Event of Default and the expiration of any applicable grace period, enforce any remedy available to Holder hereunder, or otherwise protect Holder's interests (including without limitation efforts to modify or vacate any automatic stay or injunction), Borrower agrees to pay to Holder on demand all reasonable costs and expenses in connection therewith, including without limitation, reasonable attorney's fees, court costs, and other expenses of litigation and collection, whether or not suit is brought or prosecuted to completion, and specifically including all such costs and expense incurred at, before or after trial and on appeal, whether or not taxable as costs, or in any bankruptcy proceeding, or in connection with post-judgment collection efforts. Any such amounts not paid promptly on demand shall be added to the outstanding balance of this Note. Borrower shall also pay on demand any reasonable charge of Holder in connection with the cancellation of this Note and/or the satisfaction of liens of record. Nothing contained in this Section 9 shall limit or impair the obligation of Borrower to pay any and all costs and expenses for which Borrower is otherwise liable hereunder, plus all other costs and expenses provided by law.

10. **Nature of Transaction; Interest Limitations; Severability; Limitations of Liability.**

- (a) Borrower has issued this Note in a commercial transaction for business purposes.
- (b) All agreements between Borrower and Holder, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of this Note or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Holder exceed the maximum amount permissible under the applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to Holder in excess of the maximum amount permissible under applicable law, the interest payable to Holder shall be reduced to the maximum amount permissible under applicable law; and if from any circumstance Holder shall ever receive anything of value deemed interest by applicable law in excess of the maximum amount permissible under applicable law, an amount equal to the excessive interest shall be applied to the unpaid principal balance hereof, or if such excessive amount of interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to Borrower. All interest paid or agreed to be paid to Holder shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period (including any renewal or extension) until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permissible under applicable law. Borrower agrees that any amount payable to or received by Holder that is not specifically denominated as an interest payment in the applicable agreement providing for same shall be deemed, to the maximum extent permitted by applicable law, to be an expense, fee or premium, and not interest.

(c) If any term of this Note, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

(d) To the fullest extent permitted by law, neither party (including each party's directors, officers, employees, agents, and representatives) shall be liable to the other or any other person for any injury to or loss of goodwill, reputation, business, production, revenues, profits, anticipated profits, contracts or opportunities (regardless of how these are classified as damages), or for any consequential, incidental, indirect, exemplary, special, punitive or enhanced damages whether arising out of breach of contract, tort (including negligence), strict liability, product liability or otherwise (including the entry into, performance or breach of this Agreement), regardless of whether such loss or damage was foreseeable or the party suffering the loss has been advised of the possibility of such loss or damage, and notwithstanding the failure of any agreed or other remedy of its essential purpose.

Notwithstanding the foregoing, Holder's (including Holder's directors, officers, employees, agents, and representatives) total liability under this Agreement for any and all losses suffered by Borrower or any third party arising from this Agreement will be limited to \$25,000.

11. **No Joint Venture.** Holder shall in no event be construed for any purpose to be a partner, joint venturer or associate of Borrower or of any lessee, operator, manager, concessionaire or licensee of Borrower in the conduct of their respective businesses.
12. **Successors and Assigns.** This Note inures to the benefit of Holder, its successors and assigns, and is binding upon Borrower, its successors and assigns, and the words "Borrower" and "Holder" whenever used herein shall be deemed and construed to include such respective successors and assigns.
13. **Amendment.** This Note may not be amended, modified or changed except by a writing signed by both Holder and Borrower.
14. **Notices.** Any and all notices, elections, demands, or requests permitted or required to be made under this Note shall be in writing, signed by the party giving such notice, election, demand or request, and shall be delivered personally, or sent by registered, certified, or Express United States mail, postage prepaid, or by Federal Express or similar nationally recognized delivery service requiring a receipt, to the other party at the address set forth above, or to such other party and at such other address within the United States of America as any party may designate as provided herein. The date of receipt of such notice, election, demand or request shall be the earliest of (i) the date of actual receipt, (ii) three (3) business days after the date of mailing by registered or certified mail, (iii) one (1) business day after the date of sending via overnight delivery by Express Mail, Federal Express or another similar service requiring a receipt, or (iv) the date of personal delivery (or refusal by or on behalf of the addressee upon presentation of a properly addressed notice for delivery).

15. **Captions.** The captions or headings of the sections in this Note are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Note.
16. **Governing Law; Jurisdiction.** This Note is governed by the laws of the state of California. Except as otherwise provided in the provision about mediation, above, Borrower irrevocably submits to the jurisdiction of any California state court or the United States District Court for the Northern District of California over any suit, action or proceeding arising out of or relating to this Note and agrees that such courts shall have exclusive jurisdiction over any suit, action or proceeding. Borrower irrevocably waives, to the fullest extent permitted under applicable law, any objection it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower (i) certifies that neither Holder nor any representative, agent or attorney of Holder has represented, expressly or otherwise, that the Holder would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that, in entering into this Note, Holder is relying upon, among other things, the waivers and certifications contained in this Note.

IN WITNESS WHEREOF, this Note has been duly executed as of the date first written above.

HOLDER: COMMUNITY VENTURES

BORROWER: EAST BAY PERMANENT REAL ESTATE
COOPERATIVE, INC.

By: /s/ Jennifer Kassan

By: /s/ David Jaber

Name: Jennifer Kassan

Name: David Jaber

Title: President

Title: Treasurer

Appendix A
Amortization Schedule

Loan Terms						
Principal:						\$100,000.00
Interest rate:						6.85%
Annual payment:						\$24,291.20
Number of payments:						7
Payment Schedule						
#	Date	Balance	Payment	Principal	Interest	End Balance
1	12/31/2018	\$100,000.00	\$6,850.00	\$0.00	\$6,850.00	\$100,000.00
2018	Totals	\$100,000.00	\$6,850.00	\$0.00	\$6,850.00	\$100,000.00
#	Date	Balance	Payment	Principal	Interest	End Balance
2	12/31/2019	\$100,000.00	\$6,850.00	\$0.00	\$6,850.00	\$100,000.00
2019	Totals	\$100,000.00	\$13,700.00	\$0.00	\$13,700.00	\$100,000.00
#	Date	Balance	Payment	Principal	Interest	End Balance
3	12/31/2020	\$100,000.00	\$24,291.20	\$17,441.20	\$6,850.00	\$82,558.80
2020	Totals	\$100,000.00	\$37,991.20	\$17,441.20	\$20,550.00	\$82,558.80
#	Date	Balance	Payment	Principal	Interest	End Balance
4	12/31/2021	\$82,558.80	\$24,291.20	\$18,635.92	\$5,655.28	\$63,922.89
2021	Totals	\$82,558.80	\$62,282.39	\$36,077.11	\$26,205.28	\$63,922.89
#	Date	Balance	Payment	Principal	Interest	End Balance
5	12/31/2022	\$63,922.89	\$24,291.20	\$19,912.48	\$4,378.72	\$44,010.41
2022	Totals	\$63,922.89	\$86,573.59	\$55,989.59	\$30,584.00	\$44,010.41
#	Date	Balance	Payment	Principal	Interest	End Balance
6	12/31/2023	\$44,010.41	\$24,291.20	\$21,276.48	\$3,014.71	\$22,733.92
2023	Totals	\$44,010.41	\$110,864.79	\$77,266.08	\$33,598.71	\$22,733.92
#	Date	Balance	Payment	Principal	Interest	End Balance
7	12/31/2024	\$22,733.92	\$24,291.20	\$22,733.92	\$1,557.27	\$0.00
2024	Totals	\$22,733.92	\$135,155.98	\$100,000.00	\$35,155.98	\$0.00
Total		\$0.00	\$135,155.98	\$100,000.00	\$35,155.98	\$0.00



PROMISSORY NOTE

U.S. \$ 25,000

Date: 9/16/2019

Borrower: East Bay Permanent Real Estate Cooperative
1428 Franklin Street
Oakland, CA, 94612

Lender: Nancy Moore
466 41st St. Apt. 1
Oakland, CA, 94609

FOR VALUE RECEIVED, the undersigned East Bay Permanent Real Estate Cooperative (“Borrower”) promises to pay on or before March 16th, 2025 (the “Maturity Date”) to Nancy Moore (“Client”) the principal sum of \$25,000.

Payment Schedule. Borrower shall repay this Note in 5 consecutive, interest-only monthly payments of \$500, payable on the yearly anniversary of this agreement, and a 6th payment on the Maturity Date for the entire remaining balance. Borrower shall make the first payment on September 16, 2020 and shall make the final payment on the Maturity Date. Borrower shall make such payments to Client by check to the order of Client, to an address specified by Client.

Interest. This Note shall bear interest at the annual rate of 2%, calculated on the basis of a 365-day year for the actual number of days for which interest is calculated.

Prepayments. Borrower may prepay all or a portion of the principal amount of this Note together with accrued interest at any time without penalty.

Overdue Payments. Any overdue payments or unpaid portions of such payments under this Note shall bear interest, payable on demand, at an annual rate of 1.8%, until repaid by Borrower; provided, however, that the aggregate rate of interest shall not exceed the maximum permissible interest rate under applicable law.

By: /s/ Ojan Mobedshahi
Name: Ojan Mobedshahi
Title: Treasurer, EB PREC

General Fundraising Agreement Between the Law Center and EBPREC

Sustainable Economies Law Center agrees to make a concerted effort to raise money with the goal of funding East Bay Permanent Real Estate Cooperative (EBPREC) development and operations from 2018 to 2020. Each time the Law Center brings in a round of funding for EBPREC, EBPREC and the Law Center will enter into a “Development Agreement” where the Law Center will agree to pay money to EBPREC and EBPREC will agree to carry out certain tasks or deliverables.

As a 501c3, the Law Center can only provide such funding if EBPREC is advancing the Law Center’s charitable and educational purposes. The Law Center believes that wealth inequality and racism can only be confronted if our society re-envision ownership and stewardship of land and housing, as well as the role of capital and extractive investment practices. As such, it substantially advances the Law Center’s purposes to pilot, learn from, and educate communities about a model that actively spreads wealth and power in property acquisition, financing, and business management. Permanent Real Estate Cooperative (PREC) is a name that the Law Center has given to a model of land ownership designed to achieve this.

A PREC engages everyday people in organizing, financing, acquiring, and stewarding land and housing. Unlike a conventional housing cooperative, which is formed to provide housing to a defined group of residents, a PREC could be described as a “movement cooperative,” because it is designed not only to provide housing, but also to build a large membership base and serve members’ collective goal to transform our neighborhoods and our systems for land ownership. Our vision is for a typical PREC to have hundreds or thousands of members who look around at the land and buildings in their community and think: “We should own this!” Rather than watching the fate of their communities be determined by wealthy speculators, large companies, and absentee landlords, PREC members will build collective power, pools of capital, skills, and organized communities that can take action to shape the future of local land and buildings. The role of the PREC and its staff is to support community members to raise non-extractive capital from their community, purchase properties to permanently remove them from the speculative market, and collectively manage properties to provide stable and sustainable communities. The PREC serves as title holder to properties to ensure property is not recommodified and to aggregate financial, legal, and technical capacity.

In exchange for such funding, EBPREC agrees to make a concerted effort to create a Permanent Real Estate Cooperative, as described above, and, in particular, to:

1. Pursue racial justice by:

- Centering people of color in the leadership, culture, and activities of EBPREC.
- Serving as a model of property ownership that actively combats racialized displacement, particularly by prioritizing real estate projects that allow low-income people and people of color to remain in or return to the East Bay.

2. Spread power and function democratically by:

- Cultivating a staff team that functions democratically, equitably, and dynamically, by giving all staff power to shape the work of EBPREC, training staff on anti-oppression, working to prevent the stagnation of power dynamics in the workplace, and compensating people equitably.
- Actively upskilling staff, volunteers, and members so that EBPREC builds a “leaderful” community.
- Acquiring and stewarding properties through grassroots and community-led efforts; positioning the work of staff to be primarily focused on training, empowering, facilitating, and supporting groups of community members to organize around, fundraise for, and acquire properties under EBPREC’s umbrella.

3. Build community wealth by:

- Sourcing capital from the community and making cooperative ownership available to people of all income-levels.
- Permanently protecting real estate from the speculative market and making it permanently affordable and accessible to communities.
- Creating leasing and accounting arrangements that enable individuals and groups to acquire and use property at-cost and build limited equity as they “pay off” their property.
- Strictly capping return on capital investments at 10% per year and generally aiming to pay returns closer to the range of 1% to 5%, in acknowledgment of the harmful role that extractive financial relationships have played in creating and growing the racial wealth gap.

Important Note: Because the Law Center also provides EBPREC with legal services, it is important to note that the Law Center cannot advise EBPREC on the pros, cons, or legal implications of this particular Agreement or any subsequent Development Agreements, because the Law Center is also a party to the Agreements. The Law Center encourages EBPREC to seek advice from other lawyers or trusted advisors about these Agreements. By signing this and subsequent Development Agreements, EBPREC acknowledges that it understands this conflict of interest and that the Law Center, in its lawyer capacity, is not advising EBPREC as to the benefits or risks of EBPREC entering into these Agreements.

The above is agreed to on behalf of EBPREC by:

/s/ David Jaber
Signature
David Jaber, Treasurer
Name, Title

Date: May 1, 2018

The above is agreed to on behalf of the Law Center by:

/s/ Janelle Orsi
Signature
Janelle Orsi, Executive Director
Name, Title

Date: May 1, 2018

Development Agreement #1 Between the Law Center and EBPREC

Sustainable Economies Law Center agrees to pay East Bay Permanent Real Estate Cooperative (EBPREC) a fee of \$36,000 and EBPREC agrees to work between now and April of 2019 toward achieving the following:

1. **Establish and implement the internal operational and staff structure of the cooperative, and work with the Law Center to train the initial staff collective in governance and financial operations.** EBPREC agrees to use funds to pay a staff collective consisting of at least 3 people who will work together, even if part-time, to build the organization's capacity to do fundraising, community building, education, and property acquisition. The Law Center will provide cooperative governance training to this collective and help it craft internal operating policies and procedures.
2. **Design and launch a successful Founding Members capital campaign** to grow a broad initial member base and raise operations and property acquisition capital directly from the community. EBPREC will sell membership shares to the community for up to \$1,000 per person.
3. **Work with at least one group to explore purchase of the cooperative's first property.** The cooperative is designed to support self-organizing groups to identify properties in their community that they want to remove from the speculative marketplace, support them to raise funds from their community, and channel other mission-aligned investments and loans into permanently affordable real estate. EBPREC agrees to meet with and support at least one group toward the goal of acquiring a property.

EBPREC agrees to **either make public on its website details about its progress toward the above, or provide the Law Center with a report** detailing such progress. On the website or in the report, EBPREC will share its lessons learned, challenges, and successes, as such information will aid other communities in replicating the model.

EBPREC acknowledges that a \$25,000 portion of the funds for this agreement were provided by **Capital Impact Partners**, to which the Law Center has an obligation to submit an interim and final report, and EBPREC therefore agrees to **cooperate in providing the Law Center with any information it might need for those reports to Capital Impact Partners.**

EBPREC acknowledges that \$2,000, \$4,000, and \$5,000 came from **Erin Axelrod, Richard Robinson, and Elizabeth Ferguson**, respectively, and EBPREC agrees to make a good faith effort to **keep those individuals informed of EBPREC developments, events, and membership campaign.**

The Law Center will retain \$148.29 for recent purchases of food for meetings.

The above is agreed to on behalf of EBPREC by:

/s/ David Jaber
Signature
David Jaber, Treasurer
Name, Title

Date: May 1, 2018

The above is agreed to on behalf of the Law Center by:

/s/ Janelle Orsi
Signature
Janelle Orsi, Executive Director
Name, Title

Date: May 1, 2018

Development Agreement #2 (2020) Between the Law Center and EBPREC

Sustainable Economies Law Center agrees to **pay or spend for the benefit of** East Bay Permanent Real Estate Cooperative (EB PREC) up to \$568,164 between June 1, 2020 and December 31, 2021 and EBPREC agrees to do the following work, which advances the charitable and educational purposes of the Law Center:

- **Workshops & events:** Collaborate with Collective Action and Land Liberation Institute (CALLI) to host at least 6 [in person or virtual] events, workshops, and other educational and community engagement activities related to land and housing justice;
- **Resident training program:** Launch a resident training program consisting of at least 8 hours of workshop activities and pilot the curriculum with Co-op 789 residents;
- **Pilot innovative models:** Collaborate with the Law Center to pilot and educate communities about innovative models of community land stewardship, that may include uses of:
 - An easement to preserve housing affordability,
 - Use of purchase rights and option agreements to secure the community's access to properties, and
 - Tenant and neighbor-led property acquisition and stewardship;
- **Learn about financing options:** Explore, pursue, and share about financing options for community-led and -owned acquisitions from governmental, nonprofit, private, crowdfunding, and other sources;
- **Pilot a direct public offering:** Collaborate with the Law Center to submit a public offering through state or federal regulators, then share sample documents and learnings from the process;
- **Education and media:** Share and disseminate the above work by creating communications and media about EB PREC's structure, activities, real estate projects, and innovative approaches to organizing, financing, stewarding, and protecting real estate for the community;
- **Property management system:** Develop and share a system for property management;
- **Participatory governance:** Develop and share EB PREC's democratic and place-based decision making process within properties, and within EB PREC's membership;
- **Engaging public officials:** Engage with local government officials to share the models;
- **Joint fundraising:** Co-apply for grants that support EB PREC, CALLI, and the Law Center's collective work; and
- **Other work that advances the public good** through EB PREC's vision, mission, and values for #LandWithoutLandlords, #RestorativeFinance, and #HealPeoplePower. EB PREC and the Law Center will meet at least quarterly and reassess what goals and projects will best advance this work.

Payment: EB PREC shall periodically invoice the Law Center for funds that it needs to carry out the above work or may instruct the Law Center to make other direct expenditures in furtherance of the work, such as paying Noni Session to support EB PREC's development.

Sharing: EB PREC agrees to either make public on its website details about its progress toward the above, or provide the Law Center with a report detailing such progress. On the website or in the report, EB PREC will share its lessons learned, challenges, and successes, as such information will aid other communities in replicating the model.

Grant reports: EB PREC agrees to draft all reports required by funders who are supporting this work, including: Solidaire, Chan Zuckerberg, and Impact Assets.

Tracking of funding for maximum transparency and coordination going forward:

As the Law Center may continue to receive funding for EB PREC, the Law Center will separately account for such income in its bookkeeping and will provide EB PREC-related financial statements within 4 weeks of the end of each month. This will allow EB PREC to best manage and forecast its financial situation as informed by partnerships with the Law Center.

Amending this agreement: This agreement may be amended by agreement of both parties.

The above is agreed to on behalf of EB PREC by:

/s/ Noni Session Date: 7/14/2020
Noni Session, Staff Trustee

/s/ Ojan Mobedshahi Date: 7/14/2020
Ojan Mobedshahi, Staff Trustee

/s/ Shira Shaham Date: 7/3/2020
Shira Shaham, Staff Trustee

/s/ Gregory Jackson Date: 7/17/2020
Gregory Jackson, Governance Director (President)

The above is agreed to on behalf of the Law Center by:

/s/ Janelle Orsi Date: 7/17/2020
Janelle Orsi, Executive Director

/s/ Chris Tittle Date: July 1, 2020
Chris Tittle, Staff Attorney

East Bay Permanent Real Estate Cooperative
Incubation and Technical Support Agreement (2020-2021)

To support the wildly inspiring and transformative work of East Bay Permanent Real Estate Cooperative (EB PREC) and in recognition that EB PREC's work advances the Sustainable Economies Law Center's charitable and educational purposes, the **Law Center commits to providing roughly 500 hours of non-legal assistance to EB PREC between June, 2020 and December 2021**, including:

- **Fundraising:** Grant research, grant writing, and donor cultivation.
- **Governance and operations:** Advising and technical support on operations, HR, and governance.
- **Advocacy:** Advising on the legislative and policy advocacy landscape.
- **Education:** Collaborating in the development of educational resources.

The above work will be done by a combination of Law Center staff, including but not limited to Gregory Jackson, Janelle Orsi, Chris Tittle, Elizabeth Burnett, Jay Cumberland, Christine Hernandez, Hope Williams, and/or Dorian Payan. The Law Center will not formally track its hours, since the Law Center has historically provided around double the amount of support stated above. The purpose of this Agreement is to set general expectations and to demonstrate to third parties the level of commitment the Law Center has to the development and success of EB PREC.

EB PREC agrees that, with precautions necessary to protect private or sensitive information, the Law Center may share any educational, governance, operations, and advocacy resources with the public to support the development of similar organizations.

The above is agreed to on behalf of EB PREC by:

<u>/s/ Noni Session</u>	Date: <u>7/14/2020</u>
Noni Session, Staff Trustee	

<u>/s/ Ojan Mobedshahi</u>	Date: <u>7/14/2020</u>
Ojan Mobedshahi, Staff Trustee	

<u>/s/ Shira Shaham</u>	Date: <u>7/3/2020</u>
Shira Shaham, Staff Trustee	

<u>/s/ Gregory Jackson</u>	Date: <u>7/17/2020</u>
Gregory Jackson, Governance Director (President)	

The above is agreed to on behalf of the Law Center by:

/s/ Janelle Orsi
Janelle Orsi, Executive Director

Date: 7/17/2020

/s/ Chris Tittle
Chris Tittle, Staff Attorney

Date: July 1, 2020

Legal Services Agreement (2020-2021)

To support the awesome, radical, wonderful work of East Bay Permanent Real Estate Cooperative (EB PREC) and in recognition that EB PREC's work advances the Sustainable Economies Law Center's charitable and educational purposes, the Law Center is agreeing to provide pro bono legal services to EB PREC until the end of 2021. When signed by each of us, this will become our agreement for legal services.

Services:

The Law Center commits to providing the following legal services to EB PREC until the end of 2021:

- **Acquisitions:** Legal support, representation, and document drafting for up to 5 real estate acquisitions, with an additional goal of creating reusable templates;
- **Financing:** Assistance with securities law compliance for public offerings;
- **Other advice and services, if we have competence and capacity:**
 - **Employment law:** We welcome inquiries from EB PREC with regard to employment law, with the caveat that we hold some expertise in employment laws, but not in all facets of this legal area. We may not be able to support you on employment questions and issues, and will suggest in those cases that you seek outside legal support.
 - **Tax:** We are somewhat knowledgeable about tax law and may be able to advise you on it if we feel competent on a specific question, but some questions may require that you hire another lawyer or a CPA to advise you.

Limitations:

- **Specialized real estate questions:** Some issues may come up in connection to your real estate acquisitions that may require outside assistance, such as with CEQA compliance or boundary disputes. The Law Center will let EBPREC know if or when we do not feel competent to advise on something and will advise you to see other legal support.
- **Advice on transactions with the Law Center or Collective Action and Land Liberation Institute (CALLI):** We cannot advise you on any of your agreements or transactions with the Law Center or CALLI, since they are us!
- **No litigation:** We aren't litigators. If anything you are involved in requires litigation, you will need to work with other lawyers.

- **Our capacity:** The above legal services are somewhat contingent on the Law Center continuing to be adequately staffed and funded, and we have a good faith belief that we will. In the event that we foresee a shortfall in our capacity, we will let EB PREC know as soon as possible and work in earnest to connect EB PREC with other legal support.

Acknowledgement and waiver regarding conflicts of interest:

EB PREC acknowledges that it is not possible for the Law Center to provide completely independent and unbiased legal advice in EB PREC's best interest, given our many unique relationships with EB PREC. Any of the following situations, because they implicate the interest of the Law Center or some of its staff, could lead the Law Center to provide legal advice that is not completely in the best interest of EB PREC:

- **Partners:** Law Center as a partner and collaborator with many of the people and organizations EB PREC works and transacts with, which could shade our approach to advising on any transaction with those organizations and people.
- **Collaborations:** Law Center as a frequent collaborator with EB PREC on events, education, and advocacy, which could lead to situations where we are not completely in agreement about the direction of work.
- **Noni's employer:** The Law Center serving as Noni's employer for the purpose of her work for EB PREC, which has some employment law implications for the Law Center that could impact how we advise EB PREC, and also means that we cannot advise EB PREC on any transactions with Noni.
- **Fiscal sponsorship:** Law Center as a fiscal sponsor and administrator of funding to EB PREC, which requires that we also consider impact on the Law Center's accounting, reporting, funding relationships, and capacity needs (leading to, for example, sometimes charging an administrative fee on funding that we administer for EB PREC). The Law Center is also a fiscal sponsor of CALLI, which is sometimes referred to as a nonprofit "arm" of EB PREC. However, since CALLI exists completely under the umbrella of the Law Center, this may influence how we advise EB PREC when there are projects that implicate CALLI.
- **Incubation and TA:** The Law Center helping incubate and provide non-legal technical assistance to EB PREC means our non-legal work could shade how we do our legal work.
- **Personal relationships:** Law Center staff having been closely involved in EB PREC development since 2016, leading to many personal relationships, which means that Law Center staff may have feelings about any of your transactions with involved individuals.
- **Overlapping staff/board:** Other Law Center staff (Greg and Tia) serving as either staff or on the Board of EB PREC, meaning that we may be biased in favor of Greg or Tia when it comes to EB PREC's transactions with them.
- **Tia as Resident Owner:** Tia being a Resident Owner of EB PREC, meaning that we could have some bias in favor of Tia in sorting out any arrangements with Coop 789 residents,
- **Greg as project leader:** Greg spearheading a Project Group with EB PREC, which could give us bias in favor of supporting Greg's project.

- **Staff as EB PREC Owners:** Law Center staff being Investor Owners or Community Owners of EB PREC, which may bias us toward transactions that are beneficial to such Owners,
- **Collaborative funding:** The Law Center and EB PREC's joint pursuit of grant funding, meaning that the Law Center may sometimes encourage EB PREC to engage in activities that attract funding instead of focusing entirely on EB PREC's legal best interests.
- **Political views:** The Law Center having a particular ideological stance with regard to real estate speculation and prices, meaning that we may encourage EB PREC to limit even its own capacity to profit from property.

To stay mindful of the complex relationships above, the Law Center agrees to remain in constant dialog with EB PREC about the potential for bias, undue influence, or other problems that could arise from the above conflicts of interest.

EB PREC acknowledges that there are many potential problems that could arise from these conflicts (many of which we haven't even thought of yet) and nevertheless agrees to legal representation by the Law Center.

Ending our work together: EB PREC may terminate this agreement at any time. The Law Center may do so for good cause, including that we do not receive funding to do this work.

The above is agreed to on behalf of EB PREC by:

<u>/s/ Noni Session</u> Noni Session, Staff Trustee	Date: <u>7/14/2020</u>
<u>/s/ Ojan Mobedshahi</u> Ojan Mobedshahi, Staff Trustee	Date: <u>7/14/2020</u>
<u>/s/ Shira Shaham</u> Shira Shaham, Staff Trustee	Date: <u>7/3/2020</u>
<u>/s/ Gregory Jackson</u> Gregory Jackson, Governance Director (President)	Date: <u>7/17/2020</u>

The above is agreed to on behalf of the Law Center by:

<u>/s/ Janelle Orsi</u> Janelle Orsi, Executive Director	Date: <u>7/17/2020</u>
<u>/s/ Chris Tittle</u> Chris Tittle, Staff Attorney	Date: <u>July 1, 2020</u>



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Consent of Independent Auditors

We consent to the use in this Offering Statement on Form 1-A of East Bay Permanent Real Estate Cooperative, Inc. of our report dated April 3, 2020, relating to the financial statements of East Bay Permanent Real Estate Cooperative, Inc. as of December 31, 2018, and for the year then ended; and our report dated January 31, 2020, relating to the financial statements of East Bay Permanent Real Estate Cooperative, Inc. as of December 31, 2019, and for the year then ended; and to the reference of our firm under the heading "Experts" in the Offering Circular, which is part of this Offering Statement.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 18, 2020



Legal education, research, advice, and advocacy for just and resilient economies.
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July 20, 2020

Re: East Bay Permanent Real Estate Cooperative, Inc. Offering of Investor Owner Shares via Regulation A + of Securities Act of 1933

To Whom It May Concern:

We have acted as counsel to East Bay Permanent Real Estate Cooperative, Inc., a California Cooperative Corporation, (the "Cooperative" or "EB PREC"), in connection with filing of the Offering Statement on Form 1-A (as amended or supplemented, the "Offering Statement") pursuant to the Securities Act of 1933, as amended (the "Securities Act"), relating to the qualification of the offering by EB PREC of up to \$50,000,000 in Investor Owner Shares (the "Shares") at a fixed amount of \$1,000 per share.

This opinion is being provided at the request of the Cooperative and pursuant to Item 601(b)(5)(i) of Regulation S-K under the Securities Act of 1933, 15 U.S.C. 77a *et seq.*, as amended, and the Securities Exchange Act of 1934, 15 U.S.C. 78a *et seq.*, as amended, requiring that all Securities Act filings include an opinion of counsel regarding the legality of the securities being offered and sold.

We have reviewed related documents and have examined relevant law as we have deemed appropriate to give the opinions set forth below. On matters of material fact pertaining to the opinions below, we have relied, without independent verification, on information and representations provided by management of the Cooperative and by public officials. The opinion set forth below is limited to the California Corporations Law.

Based on the foregoing, we are of the opinion that the Investor Owner Shares have been duly authorized and, upon agreement and payment therefor, in accordance with the Investor Owner Agreement, a form of which is included in the Offering Statement as Exhibit 4, the Shares will be validly issued, will be non-assessable and fully paid (except when an Investor Owner purchasing only one share elects to pay the full \$1,000 on a payment schedule over one or more years, in accordance with EB PREC's Bylaws).

We consent to the inclusion of this opinion as Exhibit 12 to the Offering Statement and to the references to our firm in the Offering Statement. In giving our consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations thereunder.

Sincerely,

A handwritten signature in black ink, appearing to read "Janelle Orsi".

Janelle Orsi, Staff Attorney and Executive Director
Sustainable Economies Law Center

Sustainable Economies Law Center is a 501(c)3 nonprofit organization. Tax ID 46-2210531

**East Bay Permanent Real Estate Cooperative, Inc.
Supplement No. 1 Dated June 29, 2021
To the Offering Circular dated September 1, 2020**

East Bay Permanent Real Estate Cooperative, Inc (“**EB PREC**,” “**we**,” “**our**,” or “**us**”) would like to supplement our offering circular dated September 1, 2020. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the Offering Circular.

The purpose of this supplement is to:

1. Describe and provide background on our new staff;
2. Describe a recently launched program whereby investor owner share purchases from community members may be subsidized by outside donations;
3. Update the status of our prospective purchase of Esther’s Orbit Room;
4. Update on our Board of Directors.

1. In recent months, EB PREC has hired the following additional employees:

Annie McShiras: *Investment and Fundraising Director, full time*

Annie works to actualize her bold vision of an economy where all people have enough to thrive through her work as a fundraiser, storyteller, and business development strategist. She has worked across fields including student organizing, worker cooperative development, popular education, impact investing, and transforming our financial system. A white queer organizer, Annie is dedicated to justice, abundance, and equity, and is committed to learning and growing as a lifelong practice. She remains steadfast in her approach to create parallel, democratic institutions that provide a more just alternative to corporate capitalism. Annie’s tenet belief is that there are enough resources for everyone to thrive as long as those resources are distributed equitably. You can reach Annie at annie@ebprec.org.

Amy Huang: *Operations Coordinator, full time*

Amy brings to EB PREC over eight years of experience in multi-stakeholder communications and project management, from a career spanning landing site selection for the Mars Curiosity rover, technical strategy for Google, and strategic communications for the Bay Area transportation industry. Now activating her rich technical background in the collective struggle against oppression, she is committed to advancing a liberated, equitable, and radically inclusive future. A queer Asian American woman, child of immigrants, and settler, she thrives when catalyzing passionate people to do their best work. You can reach Amy at amy@ebprec.org.

Miliaku Nwabueze: *Community Organizer, full time*

Miliaku’s current identities are black, queer, femme, Detroit-raised, Igbo, and play-expert. She is currently completing her MFA in Transdisciplinary Design at Parsons at The New School. Her experience with working humans spans across corporate america, non-profits, grassroots organizations, cooperatives, and a multitude of different projects and initiatives. She has familiarity with software design, transition design, finance, pedagogical and curriculum development, and project management. In her work, she has witnessed the potential of relationships to maintain the status quo and to subvert it. In building

consciousness around her blackness and queerness, she has developed tools and frameworks she hopes will help us deviate from reformist patterns and enter generative relationships with each other and all earthlings. As a staunch abolitionist, she believes in rethinking everything and incorporates design methodologies into (un)making. Often sitting with creation and destruction as a singular force, Miliaku often provides "out-of-bounds" thinking to push herself and those around her into spaces rooted in liberatory thought and practices. You can reach Miliaku at miliaku@ebprec.org

Jason Gonzalez, *Design Intern, part time*

Jason is currently pursuing his bachelor's degree in Architecture at the California College of the Arts and brings over four years of professional architectural experience with him. He is currently trying to piece together his passion for design and the built environment with his mission of visualizing a strong, healthy and just community. Being a child of immigrants, he sees great value in all of those he meets and truly wants to understand their thoughts, dreams and what inspires them to work hard in life.

2. **EB PREC has begun to deploy funds received from two grants from the Center for Cultural Innovation to subsidize investor ownership for BIPOC community members from East and West Oakland.** The shares we are offering are no different from any other shares, but we are subsidizing between 50% and 100% of the share price. Prospective Investors must apply for these shares, and those who receive these shares will have all the same rights as other investor owners. The \$65,000 available for subsidies will be allocated on an ongoing basis until exhausted, or if more funds are acquired for this purpose. Right now community members can apply at <https://forms.gle/U35FZZnF9Faf1xRJA>, or in person at events. This site may not remain active, so please reach out to a member of the EB PREC team if it is not working in order to see if subsidies are still available.
3. **EB PREC has signed an Option granting us the right to acquire Esther's Orbit Room** and adjacent properties (1720-1724 7th st, and 1715 Goss st, in West Oakland), collectively Esther's Orbit Room Cultural Revival Project. In March 2021, in exchange for \$21,000, EB PREC acquired an Option to purchase these properties for a total purchase price of \$1,500,000. On June 15 2021, EB PREC renewed that option for another three months, in exchange for another \$21,000, giving EB PREC until September 30, 2021 to decide whether or not to exercise the option and acquire the properties. We are currently continuing our due diligence on the properties and raising additional funds needed should we choose to exercise this option.
4. **In the spring of 2021 EB PREC held elections and received appointments for certain board seats.** Shira Shaham was reelected by EB PREC's staff owners as the board secretary, and Ellen Sebastian-Chang was elected by EB PREC's resident owners as our first Resident Director. Her Bio is below. Both Pat St. Onge and Candice Elder were reappointed by the Sogorea Te Land Trust and the East Oakland Collective, respectively. The remaining vacant board seat, the Community Director, is scheduled to be filled next year, and will be chosen by EB PREC's Community Owners.

Ellen Sebastian Chang, *Resident Director*

Ellen Sebastian Chang (she/her), is a storied figure in the performing arts, as a director and arts educator whose career spans 45 years. Her current projects include an ongoing collaboration with AfroFuturist Conjure artist Amara Tabor Smith and the Deep Waters Dance company's House/Full of BlackWomen, a multi-year site-specific dance theater work that addresses the displacement, sex trafficking, and the

creative well-being of Black women and girls in Oakland, California. She has worked as an arts educator for 42 years: with technical direction/design classes at the Urban School of San Francisco, Magic Theaters Young California Writer's Program, as an artist in Bay Area Public Schools via Young Audiences of Northern California and for the past 14 years with The World as it Could Be Human Rights Education Arts Program. She is currently teaching with Girl's Project a program facilitated with East Side Arts Alliance. Sebastian Chang was the cofounder and artistic director of Life on the Water, a national and internationally known presenting and producing organization at San Francisco's Fort Mason Center from 1986 through 1995. In the past five years she has collaborated with the HBO production "Whoopi Goldberg Presents Moms Mabley"; Maya Gurantz "A Hole in Space (Oakland Redux)"; Sunhui Chang and Maya Gurantz "How to Fall in Love in A Brothel"; Campo Santo and Ben Fisher's "Candlestick" and served as the proud co-owner and general manager of FuseBOX Restaurant, created by chef Sunhui Chang in West Oakland, California. She is a recipient of awards and grants from Creative Capital, MAP Fund, A Blade of Grass Fellowship in Social Engagement, Art Matters, Kenneth Rainin Foundation, NEA, Creative Work Fund, California Arts Council, Mazza Foundation and Zellerbach Community Arts Fund.