NORRIS MCLAUGHLIN P.A.
ATTORNEYS AT LAW

7 Time Square
21st Floor
New York, NY 10036
T: 212-808-0700
dmroberts@norris-law.com

To: Members of the Board of Directors
Mutual Redevelopment Houses, Inc.

From: Dean M. Roberts

Date: November 8, 2021

Re: Fiduciary Duties as Directors of the Co-op Corporation (the "Corporation")

This will serve as a brief discussion of the responsibilities of Directors of the Corporation. When a shareholder of a Cooperative is elected to the Board of Directors, that person takes on a new legal relationship to the Cooperative Corporation and its cooperator-shareholders.

The Board of Directors of the Corporation is responsible for directing the management of the Corporation's business and affairs. As the Directors of the Corporation, you are obligated under New York law to act in the best interests of the Cooperative and its residents, even above your own personal self-interests. If you fail to do so, you may be subject to legal liability for breach of your fiduciary duty.

Directors are required by law to act honestly, in good faith and prudently. Directors are also required to maintain the confidentiality of the proprietary information they learn as Directors. In making their decisions and performing their duties, they are allowed by law to rely on information, opinions, reports and statements (including financial data), presented to them by the Corporation's employees and its professionals (including its lawyers, managing agents and accountants). In addition, the Corporation maintains Directors and Officers liability insurance to provide coverage and defense if you are sued in your capacity as Directors and/or Officers. The Board should become familiar with the specifics of that coverage, as there may be exceptions and deductibles.

In order to fulfill your obligations, among the things that Directors should do are the following:

1. Attend all Board meetings, except only those which you must miss for a very good reason. Otherwise, you will not be familiar with the Corporation's affairs.

2. Become familiar with and carefully follow the dictates of the Corporation's governing documents, including the By-Laws, Certificate of Incorporation, Lease and House Rules, as they provide valuable information regarding procedures and policies, as well as the purpose and function of the Corporation and the rights, responsibilities and limitations of the Directors and Officers of the Corporation. It is important for the integrity of the Corporation's operation that Directors and Officers act within the confines of their respective offices.

3. Participate in discussions, fairly consider reports and information presented to the Board and vote on all matters. In our opinion, it is better to avoid "abstaining" from voting, except for good reason (such as conflict of interest or absence from the meetings at which the issues were discussed), because that is avoiding a Director's duty to act for benefit of the shareholders.

4. Honor the confidentiality of matters which come to your attention because of your position as Director, either at Board meetings or through review of corporate records or communications sent to, by and among the Board members. As a Director, you are entitled to receive information regarding all aspects of the Corporation's affairs and operations, although we generally draw the line at access to individual shareholder files except on an authorized "need-to-know" basis. Being privy to sensitive information that is not available to the shareholders imposes a special obligation on the Directors, as releasing such information at an inappropriate time could result in damage to the Corporation and its shareholders.

5. If you, as a Director become aware of a matter or situation that in your opinion requires remedial action, bring it to the attention of the Board, as that is the venue in which such matters need to be aired and discussed, so that proper Board action can be taken if appropriate. Except in the most extreme situations, a Director should not take it upon himself or herself to seek to affect a remedy outside the framework of the Board.

6. Perform your duties in a professional and courteous manner. There is nothing gained by "personalizing" issues.

7. Do not avoid making decisions and taking on responsibilities, even when the action taken may not be the "popular" one. Examples are approving contracts (after appropriate due diligence) so that necessary work and services can be performed; allocating proper funds to pay for such work and services; and if necessary, increasing the maintenance or imposing assessments to keep the Corporation fiscally sound.

8. Avoid, to the extent possible, situations that give rise to conflicts of interest or even the appearance of such conflicts. That does not mean conflicts will not or may not arise; they are sometimes hard to avoid in today's complex and interlocking world. In such a case, the Director with the conflict must provide full disclosure of the conflict (or potential conflict) to the Board and not participate in discussions, deliberations or votes on the matter giving rise to the conflict. On a personal level, also avoid conflicts between your role as a resident of the Co-op and a member of its community, and your fiduciary functions and duties as a Director of the Corporation.

9. Observe the distinction between the role of the Board, which is to formulate policies, and the role of Management, which is to execute those policies in

conjunction with the Corporation's consultants (accountant, attorney, engineer and the like).

10. Understand and observe the limitations that apply to your conduct as a single member of the Board of Directors. This is important to avoid exposing yourself or the Corporation to liability by purporting to act for the Board or the Corporation without proper Board authorization. Do not, without express written Board authorization, such as by a duly adopted resolution, (a) communicate with any entity or person doing or seeking to do business with the Corporation, such as vendors, contractors, bidders, and commercial tenants; (b) seek to bind or obligate the Corporation to any person or party; or (c) represent yourself to be authorized to act for or on behalf of the Corporation. Usually those are roles for Officers or Management under the Board's direction.

11. Do not solicit or accept anything of value from any person or entity doing or seeking to do business with or providing services to the Corporation. The same zero tolerance rule must apply to receipt of anything of value from any person seeking to become a resident of the Co-op or (except for intra-family gifts and such) from any resident of the Co-op. Infraction of these rules could have serious legal consequences.

12. It is imperative that Directors be aware at all times that communications among themselves or with Management are not privileged and may be discovered in the event of litigation involving the Corporation or the Board. This is especially applicable to email transmittals, including such communications sent to the Board's separate email address. Accordingly, do not send any such emails which discusses substantive matters of the Corporation or the Board, as you must assume that each communication could be publicly disclosed.

13. When utilizing social media be aware and cautious to clearly differentiating your role as a Board member versus that as of a shareholder. Further, be aware of the need to maintain confidentiality of Board discussions and ensure that no proprietary information is disclosed. As we are all aware, social media can be an extremely disruptive force and it is a poor forum for Board discussions or statements of opinion.

14. Above all, recognize that there will be times when you must set aside your other desires and preferences so that the greater good of the Corporation may be served. It is expected that issues which come before the Board will be vigorously discussed and that the Directors will make their individual views and preferences known; that is why you ran for the Board and were elected. But, once the Board votes on a motion, it must be recognized that such act establishes the policy of the Corporation.

Should you have any questions as to how to address issues that you encounter as a Board member, we would be pleased to provide appropriate guidance.

Dean M. Roberts

cc: Ambur Nicosia - President
Ryan Dziedziech – Manger