

Response to questions regarding Form 1023 and the tax-exemption of Bloomington
Cooperative Living Inc.

1. Yes, the above is correct. The houses are referred to as subsets of the organization because each has some level of autonomy. The members of each house meet regularly to make mundane decisions regarding food purchasing and house cleanliness. The membership of each house is a member of the organization. All decisions relevant to the functioning, growth, or development of the organization are made at meetings of the general membership or at board meetings.

The organization's treasurer collects the membership dues from all of the members of all of the houses.

2. Yes. Residents occupy individual bedrooms. This is not because of any policy of the organization, but merely due to local zoning restrictions laid out in the Municipal Code of the City of Bloomington, Indiana.

3. The organization had a membership of 19 members when BCL's Form 1023 was originally submitted. There were 14 and 5 members between two properties of 14 and 5 bedrooms. In July, 2010, the organization signed a one-year lease for a five-bedroom house for August 2010, and recruited four more members. One bedroom of the 14-person house stayed empty. The specific houses that BCL manages, and BCL members rent, will continue to change from year to year. Therefore, the lease agreements that the organization enters into will also change regularly. The decision to rent and manage a given property is made by the membership at meetings.

4. The members do not have complete control of the organization. They may not change the bylaws or the articles of incorporation. These are among the responsibilities of the Board of Directors. The Board also delegates responsibility to the membership to (a) carry out the purposes of the cooperative, as expressed in its Articles of Incorporation and Bylaws, (b) develop internal policy and manage the organization's programs and property. The Board oversees the execution of these responsibilities.

BCL members may be directors. Currently, 50% of the board directors are members. The other 50% are former BCL members and community members.

5. To qualify for membership, a prospective member must (a) be able to afford monthly membership dues, (b) perform chores assigned by the corporation (approximately 5 hours per week), and (c) attend meetings. In determining membership eligibility, the organization does not discriminate based on race, gender, ethnicity, marital status, veteran status, sexual orientation, political or religious affiliation, or physical disability.

After the prospective has submitted an application and met with a quorum of BCL members, the members vote to offer membership to the prospective, based on the above criteria. A quorum of seven BCL members is necessary to make this decision.

More membership offers are made than there are spaces available for membership. Actual membership is determined on a first-come/first-served basis: For a given opening, membership is given to the first of the approved prospectives that (a) submits a deposit and (b) signs the membership agreement, lease, and income disclosure form. Membership offers continue to be made to prospectives until all spaces have been filled. Openings occur as old members leave the coop or as the membership decides to lease and manage new properties.

Approximately 60% of BCL members are students at Indiana University, so not all residents are students.

6. None of the properties leased by the membership and managed by the organization are located on the Indiana University campus. The large 14-person house is located one block south of the IU campus. The two five person houses are located near each other, one mile west of campus.

7. No member has any equity interest in BCL. BCL operates as a not-for-profit corporation. When a member leaves, their security deposit is returned to them, less any damage claims. It is not possible for a member to sell their membership.

8. The organization was formed as a co-operative because the founding members believed in co-operative principles as the foundation for socially responsible business. There are seven co-operative principles, upon which all co-operative businesses are based:

1. Voluntary and Open Membership - Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
2. Democratic Member Control - Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.
3. Member Economic Participation - Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
4. Autonomy and Independence - Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources,

they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training, and Information - Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of co-operation.
6. Cooperation Among Co-operatives - Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.
7. Concern for Community - While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

More information about cooperative businesses and principles can be found at <http://en.wikipedia.org/wiki/Cooperative>

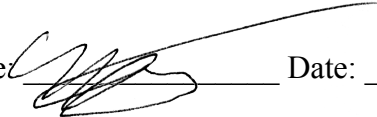
9. The description is correct. However, it is not correct that BCL members are members of NASCO. BCL Inc. is a member of NASCO. Because of this, BCL members are eligible for some of NASCO's services. NASCO's yearly dues to the coop are based on the annual number of new members. Specifically, the organization's annual dues are \$37.00 times the number of new members. BCL collects these dues from its new members. More information about NASCO's dues structure is available at <http://nasco.coop/node/52>

10. BCL has no written agreement with NASCO. Membership with NASCO provides the coop with:

1. Financial support to attend NASCO Institute, an annual conference of housing cooperatives in Ann Arbor, MI.
2. Federal advocacy for cooperative housing.
3. Education, training, and consulting opportunities.
4. Eligibility for development services and technical advice.

More information on NASCO services is available at <http://nasco.coop/node/93>

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

Officer: Seth Frey Signature:  Date: 12/15/12