

Arrears and Payments Policy

Purpose of the policy

To protect the financial viability of the co-op by:

- collecting housing charges and other debts on time
- carrying out good governance and management with a zero arrears tolerance
- dealing with arrears promptly, and
- setting out what happens when members do not pay

Definitions

Arrears: Arrears are unpaid and overdue debts. If any housing charge, share instalment or other debt due to the co-op is not paid by the due date, the member is in arrears. Arrears for which the co-op and the member have arranged an agreed schedule of payments are called scheduled arrears. A returned cheque/pre-authorized payment is unpaid and in arrears.

Returned cheque/failed pre-authorized payment: A cheque or payment that didn't clear the member's bank/credit union due to non-sufficient funds (NSF) or other reasons.

Policy

1. Members are responsible for paying their housing charges, share instalments and any other amounts due to the co-op on time. The co-op has zero tolerance for arrears.
2. Housing charges are due in full on the first day of each month, the "due date".
3. If a member has not paid any amount owing, submitted a written request for, or signed an arrears payment agreement, then immediately after the due date Management Company will send the member a 5-day notice demanding payment.
4. If the member has not paid any amount owing or signed a payment agreement

within five days of the member's receipt of the notice, then Management Company will send a notice (at least seven days) to the member of a meeting of the Board of Directors to consider a resolution of termination of membership, Rule 5.4 (a), and other appropriate steps.

5. The co-op will charge a late fee of \$25.

Payment agreement

6. Members may submit a written request for an arrears payment agreement in which they explain:
 - the special circumstances for asking for the agreement, and
 - the steps they have taken to obtain funds from other sources
7. Management Company may authorize payment agreements to a maximum of three months, meaning all arrears must be paid in full within a three month term, with minimum monthly payments of not less than 1/3 of the arrears balance.
8. The Board is the only one that can authorize payment agreements for individual Directors [Rule 17.5 Persons disqualified to act as Directors].
9. The Board may, at its discretion, authorize payment agreements for a longer term and on different conditions than those set out in paragraph 8 above only in cases of genuine hardship or extraordinary circumstances and if the term is no longer than twelve months.
10. While an arrears payment agreement is in effect:
 - the member must pay all housing and other charges in full and on time, and
 - at the discretion of Management Company the member may be required to make all payments, including housing charge payments, by bank draft or money order only
11. The Board may waive any or all fees at its discretion only in cases of genuine hardship or extraordinary circumstances. The Board may not waive housing charge arrears.

Consequences of a breach of the payment agreement

12. The payment agreement will set out the consequences of a breach of the agreement, including consideration of termination of membership under the Rules.

Method of payment

13. Members must pay with post-dated cheques, submitted annually. The co-op will not accept cash for any payment.
14. New members must pay their share purchase by bank draft or money order when the co-op accepts them as members.

Returned cheque/failed pre-authorized payment

15. The co-op will charge an NSF fee of \$25 for any returned cheque/failed pre-authorized payment.
16. Members with a returned housing charge cheque/failed pre-authorized payment must make future payments by bank draft or money order, unless excused in writing by the board (refer to Occupancy Agreement 4.10).

Collection of other arrears

17. Management Company is responsible for collecting any other debts from members in addition to housing charges. Where a member fails to make payment for any amount over \$1, Management Company will send a 5-day demand for payment notice to the member.

Policy approved by general meeting: May 28, 2014

Replaces policy dated: June 23, 1987

Procedures needed to carry out this policy

1. Form notices:
 - 5-day demand for payment at the beginning of the month
 - notice of Directors' meeting to consider termination of membership
 - notice of termination after Directors' meeting
2. Arrears payment agreement.
3. Monitoring system for arrears payments.
4. Refer to the Co-op Act, *Guide to the Co-op Act* and co-op Rules, and obtain legal counsel as needed, for termination of membership.
5. Monthly arrears reporting to board and the report must include names of any directors in arrears [reference Rule 17.5 Persons disqualified to act as Directors]