

## Model Rules 2.0: Step-by-Step Guide

Model Rules 2.0 is full of fresh new ideas and approaches to good co-op governance. The new model is also fully compliant with the *Co-op Act* and the changes that came into force in June 2013. The *Co-op Act* no longer allows a co-op to trigger an eviction by terminating an occupancy agreement. This process was commonly used by co-ops when evicting a member for arrears. Now that it is not available, co-ops must change their rules accordingly.

Many co-ops have already made the required rule change using a special resolution provided by CHF BC last year. But do not worry if you have not made the required changes yet. You can move forward with a review of Model Rules 2.0 knowing that it includes all the recent changes required by the Act.

The Board of Directors should first agree on a process and timeline for getting the job done. Here is one way you might go about it. This is just a suggestion; you can combine some steps to make the process shorter if you want to.

### Step 1

#### Set up a rules committee

If your co-op does not already have a rules committee, set one up. The committee can be made up of directors or a combination of directors and interested members. The committee should be big enough to generate a good cross-section of ideas and small enough to get the work done.

### Step 2

#### Review your existing Rules

Start with a copy of your existing Rules and Occupancy Agreement. Be sure that you are working with the most recent version. You can get a true copy of your Rules from the Registrar of Companies for a fee. Refer to [Letter to Registrar of Companies](#).

### Step 3


#### Review your current membership model

Before you start working on your new Rules, identify your current membership model and talk about whether it still meets your needs.

Refer to your Rules 2.1, 2.2 and 3 to confirm the membership model you have now. Use the [Guide - Membership Models Discussion](#) to compare it to other options and discuss the various pros and cons of different approaches.

### Step 4

#### Choose the membership model that is right for you



You might decide to keep the membership model you have now or switch to a new model. Consult your members to find out what they think. You can do this at an informal information meeting called for that purpose or as part of a regular meeting of members. It is best to settle this issue before tackling the other rules.

## Step 5

### Compare your existing Rules to the Model

Once you have chosen the membership model that is right for your co-op, you will be ready to review the new Rules.

There are two versions of Model Rules 2.0. The difference is in the membership models.

- [Version A: Joint membership](#). Use this if your co-op has or would like to have joint members.
- [Version B: A principal member and one or more associate members, or one member per unit](#). Use this if you have or would like to have one of these models.

CHF BC has developed a guide called Guide - [What is New in Model Rules 2.0](#), to help co-ops identify the major differences between their Rules and the new model.

Keep in mind that Model Rules 2.0 reflects best practices that have emerged over time. You will find some new rules and you will notice that some old, familiar rules have been removed.

## Step 6

### Discuss what you want to include in your new Rules

You will find an explanation of available options in the options guide. There is a separate options guide for [Version A](#) and [Version B](#) of the Rules and one for the [Occupancy Agreement](#). This tool will help you select the best options and keep track of them as you move through the model. Choose the options that are the best fit for your co-op.

Talk about the differences you have found between your current Rules and the Model. Discuss which Rules you want to keep and which ones you want to change, and whether you prefer the option provided.

Remember, everything in your new Rules must be consistent with the *Co-op Act*. Consult the [Model Rules 2.0 and the Co-op Act reference table](#) to see the relevant sections of the Act to consult. Everything in the model, including the options, is consistent with the Act.

## Step 7

### Make a first draft of your new Rules

Make a first draft of your new Rules using the Model and the Options guide. The Word versions of the Model are found here: [Version A](#), [Version B](#), [Occupancy Agreement](#). Use the options guide to copy your chosen options into the Rules. Here are some [Word Processing Tips](#) to make your job easier. If you prefer, CHF BC will do the word processing for you, for a fee.

## Step 8

### Have the Board review the first draft

Meet with the Board and review the first draft of the new Rules. When the Board is satisfied with the draft, you are ready to involve the members again.

## Step 9

### Hold an information meeting for members

Circulate a draft of the new Rules to members. Hold an information meeting to explain the Rules to them. The purpose of an information meeting is to:

- explain the background and reasons for what you are doing
- find out if there is general support for the direction you are taking
- get feedback that can be useful at the next stage of the process
- prepare members for the meeting that will approve the new Rules.

If the members have serious concerns or many suggestions for changes, you may have to retrace your steps and return to Step 7. This is time well spent, and it will improve your chances of success at Step 11.

## Step 10

### Present the final draft to the Board

Meet with the Board and review the final draft. When the Board is satisfied, ask the Directors to decide on a date for a meeting of members to approve the new Rules.

## Step 11

### Call a members meeting to adopt the new Rules

The Board will then call a general meeting of the members to adopt the new Rules. A special resolution is needed to adopt the Rules, so the co-op must give members at least 14 days' notice of the meeting. The special resolution must pass by a majority of at least two-thirds or three-quarters of the votes cast – consult your Rule 1.1 for the majority required in your co-op.


Attach a copy of the proposed special resolution and the proposed new Rules to the notice of meeting. Refer to [Sample Special Resolution](#) and [Sample Notice of Meeting](#).

## Step 12

### Register your new Rules with the Registrar of Companies

After the members have adopted the new Rules, you must register them with the Registrar of Companies.

Your new Rules are not yet in effect at this stage.



Complete a [Form 6 for Special Resolutions](#). Reproduce the resolution adopted by the members word for word on the form.

Mail the form and two copies of your new Rules to the Registrar. Include a cheque to cover the filing fee of \$70.

The Registrar will stamp a copy of the Rules once they have been filed. You will receive the stamped copy by return mail.

**Please note:** Your new Rules are not in force until the date on the Registrar's stamp.

### Step 13

#### Give a copy of the new Rules to your members

You will receive a stamped copy of your new Rules from the Registrar. Your Rules come into force on the date of the Registrar's stamp. Give a copy of the new Rules to each member. Have each member sign the [Acknowledgment of Receipt of Rules and Occupancy Agreement](#) form, confirming receipt of the new Rules. Keep the signed form in members' files.

Use a different application form for New Members as they move into the co-op. Refer to [New Member Intake Form](#).

### Step 14

#### Transition to your new Rules

Some changes you make will require a process to transition from your old Rules to your new Rules. If you switched to joint membership from principal and associate membership when you updated your Rules, you will need to manage the transition once your Rules have been filed. We have some guidance and templates to help you manage this transition. Start with the Guide - Steps to Transition – Principal and Associate to Joint Membership. Then use the templates below:

- Memo for members – Transition to Joint Membership
- Application for Joint Membership and New Shareholding

#### Need help?

You may decide that you need help at any stage of this process. It is better to ask for help than to make an expensive mistake.

#### You can get help from:

**CHF BC:** The Federation offers general advice, workshops and consultation services on the *Co-op Act*, Model Rules and other co-op issues. Call us at 604-879-5111 (1-866-879-5111) in Vancouver and 250-384-9444 in Victoria or check our website at [www.chf.bc.ca](http://www.chf.bc.ca) and [How Can CHF BC help?](#)

**Your management company:** Ask your co-ordinator or management company for help in making the right decisions about your new Rules.

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**Your lawyer:** Your lawyer can provide any legal advice you need about the Model Rules. You should also ask your lawyer if you want to make any changes to the Model. Neither the Federation nor your management company can give you legal advice.

**Registrar of Companies:** The Registrar no longer checks to make sure that amendments to the Rules comply with the *Cooperative Association Act*. We are confident that Model Rules 2.0 is fully compliant with the Act, but if you have made any changes to the Model you should check with your lawyer to make sure that you have not contradicted any section of the Act. Rules that are inconsistent with the Act are void.

### *Referenced Documents and Relevant Resources*

- Letter to Registrar of Companies
- Guide - Membership Models Discussion
- Version A Joint membership
- Version B Principal and Associate Membership
- Guide – What's New in Model Rules 2.0
- Version A
- Version B
- Occupancy Agreement
- Model Rules 2.0
- Co-op Act Reference Table
- Word Processing Tips
- Sample Special Resolution
- Sample Notice of Meeting
- Form 6 for Special Resolutions
- Acknowledgment of Receipt of Rules and Occupancy Agreement
- New Member Intake Form

This is part of the Model Rules 2.0 document collection.

