
ABC Housing Co-operative

Arrears Policy

Purpose of the policy

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

- collecting housing charges and other debts on time
- 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/failed pre-authorized payment is unpaid and in arrears.

Returned cheque/failed pre-authorized payment: A cheque or payment that did not 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". Other amounts are due on the date specified by the Co-op.
3. If a member has not paid an amount owing, submitted a written request for, or signed a payment agreement, then immediately after the due date, the management company will send the member a 5-day notice demanding payment, and will notify the Treasurer and the President.
4. If the member has not paid an amount owing or signed a payment agreement within five days of the member's receipt of the notice, then the 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 (reference Rule 5 Termination of membership), and other appropriate steps.

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5. The Co-op will charge a late fee of \$50 for any housing charges not paid in full by the due date unless the member has submitted a written request for an arrears payment agreement before the due date.

Payment agreement


6. Members may submit a written request for an arrears payment agreement in which they explain:
 - a. the special circumstances for requesting the agreement, and
 - b. the steps they have taken to obtain funds from other sources.
7. A member may use a payment agreement to repay an amount of arrears no greater than one (1) month's housing charges, plus any fees.
8. The Board may authorize payment agreements to a maximum of three (3) 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.
9. The Board may 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 six (6) months.
10. The Board may authorize payment agreements for directors only for amounts other than housing charges. Directors may not be in arrears for housing charges other than the amount due in the current month.
11. While an arrears payment agreement is in effect:
 - a. the member must pay all housing and other charges in full and on time, and
 - b. at the discretion of the Board the member may be required to make all payments, including housing charge payments, by bank draft or money order only.
12. The Board may waive any or all fees (late fees and or NSF fees). The Board may not waive housing charge arrears.

Consequences of a breach of the payment agreement

13. 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

14. Members must pay housing charges and any other monthly charges with post-dated cheques, submitted annually or by signing a Pre-Authorized Debit form (PAD). The Co-op will not accept cash for any payment.

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15. 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

16. The Co-op will charge an NSF fee of \$25 for any returned cheque/failed pre-authorized payment.
17. Members with a returned cheque/failed pre-authorized payment must make future payments by bank draft or money order, unless excused in writing by the Board (reference Occupancy Agreement 4.08 Payment by bank draft).

Collection of small amounts

18. **The Board may, in its discretion, but at all times consistent with the Co-op's Rules and Occupancy Agreement, waive or amend the application of this policy in the collection of amounts that are less than \$100.**

Please note: This policy must not be in conflict with our Co-op's Rules and Occupancy Agreement. Rules 5, 8 and 17.5 (Termination of membership, Payment for shares and Persons disqualified to act as Directors) and Section 4 of the Occupancy Agreement (Housing Charge) cover a number of issues related to this policy. The Co-op will not change anything in the policy before checking its own Rules and Occupancy Agreement.

Policy approved: May 15, 2025

Replaces policy/policies: November 27, 2019



Procedures needed to carry out this policy

1. Who sends the notices in #3 and 4, and who authorizes payment agreements in #8: office coordinator, bookkeeper, board or other, where appropriate.
Please note: The person responsible must be available to send notices and authorize payment agreements consistently and when needed.
2. Communication about a member's maintenance costs, parking or other charges to management staff (office co-ordinator or bookkeeper) or other person responsible so that the arrears policy and procedures are followed for all amounts owing.
3. Number and date requirements for post-dated cheques and/or pre-authorized payments, including new member requirements.
4. Form notices - see referenced documents:
 - a. 5-day demand for payment at the beginning of the month
 - b. notice of Board meeting to consider termination of membership
 - c. notice of termination after Board meeting – requires the Co-op's lawyer's intervention
5. Arrears payment agreement – see referenced documents
6. Monitoring system for arrears payments.
7. Monthly reports to the Board: units should be identified. The report must include the names of any directors in arrears as per Rule 17.5 Persons disqualified to act as Directors, action will be required.
8. Refer to the Co-op Act, Guide to the Co-op Act and your own co-op's Rules and Occupancy Agreement, and obtain legal counsel as needed for termination of membership.
9. Notice period required for changes in annual housing charge.
10. For share purchase:
 - a. information about loans from outside sources, and/or
 - b. guidelines for acceptable instalment plans.

Referenced Documents and Other Resources

- Sample/Template Demand for Payment
- Sample/Template Notice of Board Meeting - Termination for Arrears
- Sample/Template Arrears - Payment Agreement