
Arrears: Discussion Notes

The arrears policy is one of the most important policies your co-op can have.

Co-ops have to collect all housing charges, on time and in full. Ignoring arrears puts your co-op and co-op members at risk. Never ignore housing charge or any other arrears in your co-op.

It is important to make it clear to all members that non-payment of housing charges or any other amounts owing to the co-op is unacceptable.

Your co-op should follow-up right away with members who do not pay in full and on time. Failure to collect arrears will:

- result in the co-op spending time and money in arrears collection
- place the member at risk of termination resulting from arrears
- decrease the availability of co-op operating funds, which could compromise the ability to pay the bills and mortgage on time, and
- result in loss of revenue due to bad debts.

Co-ops sometimes think that it is harsh to pursue arrears assertively from day one, particularly if a member has fallen on hard times. But your co-op is not doing anyone a favour by letting them fall deeply into debt. Insist on prompt payment. If that's impossible, your co-op should insist on a written payment agreement.

An arrears policy should establish a step-by-step process for dealing with arrears situations.

The sample arrears policy provides a framework for dealing with arrears immediately and effectively. The board must monitor the arrears situation regularly and be prepared to make timely decisions when needed.

Share payment

New members may not be able to come up with a large sum of money to pay the share payment in full. Many co-ops have increased the share payment, and this may present a barrier to some people applying for co-op housing. The sample arrears policy option allows members to pay the share payment in instalments as outlined in a payment plan. Your co-op can also provide applicants with information about loans from outside sources. See "Share purchase loans available to co-op applicants" in Resources.