

Arrears

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 required date, the member is in arrears. When members are following an arrears payment agreement, they are not in arrears. A returned cheque is unpaid and in arrears.

Returned cheque: A cheque returned because there are not sufficient funds (NSF) or other reasons.

Policy

1. Members are responsible for paying their housing charges, share instalments and any debts to the co-op on time.

Payment

2. Housing charges are due in full on the first day of each month, the due date.
3. Members will pay with post-dated cheques, submitted annually or money order submitted monthly. The co-op may accept cash for any payment.
4. New members may pay their share purchase by bank draft or money order or personal cheque when the co-op accepts them as members. They can pay in accordance with an instalment plan agreed to by the co-o

Late payment and fees

5. Arrears payments are due by 9:00 a.m. of the date set out in an arrears payment agreement.
6. The co-op will charge a late fee of \$15 for any housing charges not paid in full by the 1st day of the month.
7. Members in arrears must:
 - pay the full balance due including any fees, no later than the 1st office business day of the month, or
 - submit a written request for an arrears payment agreement as set out in Point #8.
8. Members who cannot pay their arrears balance in full by the 5th of the month, must submit a written request for an arrears payment agreement to repay the balance over time. The member must:
 - send the written request to management staff or treasurer via the co-op office no later than 4:30 p.m. on the 1st business day of the month
 - explain what special circumstances require them to ask for this agreement
 - provide details of the steps they have taken to obtain funds from other sources, and
 - provide payment, if needed, of the excess on the maximum amount of arrears set out in Point #9.
9. A member must sign a payment agreement to repay an amount of arrears no greater than 1 months' housing charges, plus any fees. If the arrears balance is greater, the member must pay the excess by bank draft or money order with the request for a payment agreement.
10. Management staff may authorize payment agreements to a maximum of 3 months, meaning all arrears must be paid in full within a 3 month term, with minimum monthly payments of not less than 1/3 of the arrears balance.

11. The Board may, at its discretion, authorize payment agreements for a longer term than set out in Point #10 only in cases of genuine hardship or extraordinary circumstances and if the term is no longer than 6 months.
12. On the 1st office business day of the month, if a member has not paid the full arrears balance or submitted a written request for a payment agreement, management staff will report this breach to the board and send a demand for payment notice to the member.
13. The board will decide how to proceed including:
 - arrears payment agreement
 - termination of membership
 - termination of Occupancy Agreement, and
 - other appropriate steps.
14. While an arrears payment agreement is in effect:
 - the member must pay all housing and other charges in full and on time, and
15. If the member fails to meet any of the terms or conditions of their payment agreement, the board may:
 - immediately cancel the payment agreement, and
 - issue a demand for payment notice for immediate payment of the full balance outstanding.

If the member fails to meet the board's demand for payment, the board will begin termination proceedings.
16. The Board may waive any or all fees at its discretion. A member who receives a demand for payment notice from the co-op has seven days in which to submit an appeal in writing.

Returned cheques

17. The co-op will charge members \$20 NSF fee for any cheque that is returned.
18. Members who have 3 consecutive housing charge cheques returned 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

19. Management staff is also responsible for collecting any other debts from members in addition to housing charges. Where a member fails to make payment for any amount over \$200.00, management staff will inform the board.

Policy approved by general meeting:

Replaces policy dated:

Procedures needed to carry out this policy

1. Notice period required for changes in annual housing charge.
2. Number and date requirements for post-dated cheques, including new member requirements.
3. Form notices:
 - late payment notice at the beginning of the month
 - demand for payment, and
 - **[other notices]**.
4. Arrears payment agreement.
5. For share purchase:
 - information about loans from outside sources, and/or
 - guidelines for acceptable instalment plans.
6. Monitoring system for arrears payments.
7. 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 or Occupancy Agreement.
8. Administrative costs or fees for returned cheques.
9. All directors to be informed when a demand for payment notice is issued.
10. Communication to **[management staff]** about other debts such as maintenance repairs.

Options

Option: Point #2

Change “first day of each month” to “day before the first day of the month” or whatever day is in Section 4.01 of your Occupancy Agreement.

Note: Housing charges are not late until the end of the day they are due. If the due date is the first of the month, then payment isn't late until after 11:59 p.m. on the first. But consider that the mortgage payment may come out of your co-op's bank account in the wee hours of the first of every month. If your co-op has not deposited all the housing charges on the first of the month, there may not be enough money in the account to cover the mortgage payment or other bills.

Options: Point #3

Change “post-dated cheques submitted [**annually**]” to “post-dated cheques submitted [**annually**] or money order submitted monthly”.

Change “annually” to “semi-annually”.

In the second sentence, change “will not” to “may” if you want to let the board and management staff use their discretion about accepting cash.

Note: For some members who struggle with finances, payment in cash may be the best way to make sure they pay. However, it puts both the member and office staff at risk. If your co-op chooses to accept cash payments, board and management staff should decide on a case-by-case basis. Generally the use of cash should be discouraged.

Options: Point #4

Change “will” to “may” if you want to let board and management staff use their discretion about share purchase payments.

Add “They can pay in accordance with an instalment plan agreed to by the co-op.”

Note: Under BC Housing agreements, your co-op must allow members moving into subsidized units to pay shares in 12 equal payments.

Options: Point #6

If you choose to charge a late fee, you can change “\$10” to another amount. If you choose to charge all members, including those who have requested an arrears payment agreement before the due date, delete Point #6 and substitute the following:

6. The co-op will charge a late fee [**of \$10**] for any housing charges not paid in full by the due date.

If you choose not to charge a late fee, delete Point #6 and substitute the following: “The co-op will not charge a late fee.”

Options: Point #7

If you choose not to charge a late fee in Point #6, delete “including any fees”.

Change the “5th” day to a different date. Make the same change in Points #8 and #12.

Option: Points #8, #10, #12 and #19

Change “management staff” to “the treasurer”, “the arrears committee” or “the finance committee” where appropriate.

Options: Point #8

If you have changed the “5th” day to a different date in Point #7, make the same change here and in Point #12.

Change “11:59 p.m. on the 4th of the month” to another time and date.

Option: Point #9

Insert any number of months.

Options: Point #10

Change “three months” to any number of months.

Change “1/3” of the arrears balance to another portion or percentage.

Option: Point #11

Change “six” months” to any number of months.

Note: Examples of genuine hardship or extraordinary circumstances include a member who is temporarily without income due to delays in receiving payments such as overdue wages, Employment Insurance, Workers' Compensation benefits, social assistance or the like, or where there are other special compassionate reasons.

Option: Point #12

Change the “5th” day to the same date in Points #7 and #8. You could add “On or shortly after the [5th]” to consider management staff schedule and business days.

Option: Point #17

Change “all administrative costs” to a dollar amount.

Option: Point #19

Change this if management staff is responsible for collecting only some or no other debts from members.

Note: Other debts to the co-op may include parking fees, maintenance repairs, and so on.