

# Arrears

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## 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/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.

### Method of payment of housing charges, share purchases and other charges

2. Members must pay housing charges with **12 post-dated cheques** submitted **annually**, or by a Pre-Authorized Debit agreement. Members who are reporting income monthly must submit a **post-dated cheque, bank draft or money order** to the office by the 25<sup>th</sup> of each month. Any changes to members' banking information which would affect the collection of housing charges must be reported to the office **by the 25<sup>th</sup> of each month**. New members must submit a number of **post-dated cheques** equal to the number of months remaining in the

fiscal year or arrange for a Pre-Authorized Debit agreement prior to taking possession of their assigned unit. The co-op **will not** accept cash for any payment.

3. New members **must** pay their share purchase **in full** by bank draft or money order when the co-op accepts them as members.
4. All other monies owed to the co-op must be paid by **cheque, bank draft or money order**.
5. Housing charges are due in full on the **first day of each month**, the “due date”.
6. The co-op **will** charge a late fee of **\$25** 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**.
7. If a member has not paid any amount owing, submitted a written request for, or signed an arrears payment agreement, **management staff** will send the member a 10-day notice demanding payment immediately after the due date.
8. If the member has not paid any amount owing or signed a payment agreement within ten days of the member’s receipt of the notice, then the Board of Directors will consider a resolution of termination of Occupancy Agreement (reference Sections 16.03 and 16.04 of the Occupancy Agreement), and other appropriate steps.

#### Payment agreement

9. 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.
10. A member may use a payment agreement to repay an amount of arrears no greater than **one month’s** housing charges, plus any fees.
11. **Management staff** 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.
12. The Board is the only one that can authorize payment agreements for individual

Directors (reference Rule 17.5 Persons disqualified to act as Directors).

13. 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 **six** months.
14. While an arrears payment agreement is in effect:
  - the member must pay all housing and other charges **in full and on time**, and;
  - the member must make **all** payments, including housing charge payments, by **bank draft or money order only**.
15. 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

16. The payment agreement will set out the consequences of a breach of the agreement, including deemed withdrawal of membership and termination of the member's Occupancy Agreement.

#### Returned cheque/failed pre-authorized payment

17. The co-op will charge an NSF fee of **\$50** for any returned cheque/failed pre-authorized debit payment.
18. Members with a returned housing charge cheque/failed pre-authorized debit payment **must** make future payments **by bank draft or money order**, unless and until excused in writing by the board (refer to Occupancy Agreement 4.10).

#### Collection of other arrears

1. **Management staff** is responsible for collecting any other debts from members in addition to housing charges. Where a member fails to make payment for any amount, **management staff** will send a 10-day demand for payment notice to the member. The Board may, at its discretion, authorize payment agreements for debts other than housing charges 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.

4 – ARREARS

Note: This policy must not be in conflict with our co-op's Rules and Occupancy Agreement. Sections 4 and 5 of the Occupancy Agreement 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 by general meeting dated: FEBRUARY 22, 2011**

**Replaces all Arrears Policies and/or Procedures previously adopted by the Kinross Creek membership and/or Board of Directors.**

## Procedures needed to carry out this policy

1. Letter of termination of occupancy agreement, which can be sent only after a board resolution and must be sent by the board. – TO BE DRAFTED BY THE CO-OP'S LAWYER WHEN NECESSARY
2. Notice period required for changes in annual housing charge. (refer to Occupancy Agreement 4.01 which requires written notice). When changes in housing charges are made in the annual budget, these changes come into effect on the first day of the new fiscal year. When changes in housing charges are made as a result of a member's resolution at any other time during the year, these changes come into effect on the date specified in the resolution. In any case, changes to housing charges will be communicated to the members via written notice.
3. **Management staff** will provide notice to all members annually of the Policy requirement to submit 12 post dated cheques, dated the first of each month, or have a Pre-Authorized Debit agreement in place. **Management staff** will ensure new members submit post dated cheques, dated the first of each month, to the end of the fiscal year or arrange for a Pre-Authorized Debit agreement. **Management staff** will report to the **Treasurer** any instances where this Policy is not being followed.
4. Form notices:
  - 10-day demand for payment at the beginning of the month – ATTACHED
5. Arrears payment agreement. – ATTACHED
6. For share purchase:
  - Information about loans from outside sources will be provided to new members who indicate they may be unable to provide the full share purchase without assistance.
7. The **Treasurer** will in collaboration with **management staff** set up a monitoring system for arrears payments.
8. 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 Occupancy Agreement or Membership.
9. The Board and all co-op committees will communicate to **management staff** about other debts such as maintenance repairs, fees, fines, levies, etc.

10. Monthly reports to board: **management staff** will provide a monthly report to the Board regarding arrears. Units are identified by a blind code in the monthly report. The **Treasurer** is authorized to view a full report of arrears including unit numbers and member's names. The report will include the names of any directors in arrears (reference Rule 17.5 Persons disqualified to act as Directors).



8001 Curate Wynd  
Vancouver, BC  
V5S 4K2

## Demand for Payment Notice – Late Payment

Date: \_\_\_\_\_

Name: [member's full legal name] \_\_\_\_\_

Unit #: [member's full legal address] \_\_\_\_\_

Dear \_\_\_\_\_,

Kinross Creek Housing Co-op has not received your housing charge for the month of \_\_\_\_\_ in the amount of \$\_\_\_\_\_.

You have not contacted the office to discuss your situation.

Please be advised you must make payment immediately of \$\_\_\_\_\_, made up of \$\_\_\_\_\_ in housing charges and a **\$25.00 late fee**.

If you do not pay within **ten days of receipt of this letter**, the Co-op may take further action as provided in the Co-op's Rules and Occupancy Agreement, including termination of membership and/or Occupancy Agreement and the right to occupy your unit in the Co-op. If you are having problems, please discuss your situation with office staff during posted office hours, or the Treasurer.

Yours truly,

\_\_\_\_\_  
[management staff]  
Kinross Creek Housing Co-operative



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## Demand for Payment Notice – Non Sufficient Funds

Date: \_\_\_\_\_

Name: [member's full legal name] \_\_\_\_\_

Unit #: [member's full legal address] \_\_\_\_\_

Dear \_\_\_\_\_,

Kinross Creek Housing Co-op has received a **NON SUFFICIENT FUNDS** notice from our bank regarding your housing charge for the month of \_\_\_\_\_20\_\_ in the amount of \$\_\_\_\_\_.

Please be advised you must make payment immediately of \$\_\_\_\_\_, made up of \$\_\_\_\_\_ in housing charges and a **\$50.00 NSF** fee.

Please contact the office immediately to make payment in the form of a **bank draft or money order only** (as per Item #18 of the Arrears Policy passed 2011-02-22).

If you do not pay within **ten days of receipt of this letter**, the Co-op may take further action as provided in the Co-op's Rules and Occupancy Agreement, including termination of membership and/or Occupancy Agreement and the right to occupy your unit in the Co-op. If you are having problems, please discuss your situation with office staff during posted office hours, or the Treasurer.

Yours truly,

\_\_\_\_\_  
[management staff]  
Kinross Creek Housing Co-operative





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## Arrears Payment Agreement

Date: \_\_\_\_\_, 20\_\_\_\_

Agreement between:

Name [member's full legal name]: \_\_\_\_\_  
The "Member"

Unit # [member's full legal address]: \_\_\_\_\_

and,

Kinross Creek Housing Co-operative  
The "Co-op"

### Whereas:

- As of \_\_\_\_\_, 20\_\_ the Member owes the Co-op \$\_\_\_\_\_ in outstanding housing charges plus [other fees as assessed] \$\_\_\_\_\_ ;
- The Co-op has the authority under Section 16 of the Occupancy Agreement to terminate the Member's Occupancy Agreement for failure to pay housing charges or any other assessment when due;
- The Member and the Co-op have come to the agreement that the Co-op will not terminate the Member's Occupancy Agreement if the following conditions are met.

### Conditions:

1. The Member will hereafter pay all housing charges when due on the **first day of each month**. All payments must be by **bank draft or money order** while this payment agreement is in effect.
2. The Member will make the following additional payments on account of arrears by 9:00 AM on the dates specified:

Date: _____, 20__	Amount: \$ _____
Date: _____, 20__	Amount: \$ _____
Date: _____, 20__	Amount: \$ _____

3. The Member will by 4:00 PM on \_\_\_\_\_, 20\_\_, date, sign, have witnessed, and return to the Co-op’s office the enclosed copy of this agreement, indicating the Member’s agreement to its terms.

**Breaches of the Agreement**

If the Member breaches any of the terms of this agreement, the Member agrees that:

4. The Member will thereafter, at the option of the Co-op Board of Directors and upon further notice to the Member, be deemed to have given notice of withdrawal of membership and termination of the Member’s Occupancy Agreement, effective on the last day of the month in which the breach takes place.
5. The Member has no right of appeal under the Rules of the Co-op or otherwise of the Member’s deemed withdrawal of membership and termination of Occupancy Agreement.
6. The Member is no longer entitled at any time to claim “relief from forfeiture” of the Member’s Occupancy Agreement and membership. What this means is that neither the Co-op nor the British Columbia Supreme Court will relieve the Member from further late payments of housing charges.

Once again, if the Member does not return the dated and signed copy of this agreement to the Co-op office by 4:00 PM on \_\_\_\_\_, 20\_\_, then the Co-op will immediately thereafter take action to terminate the Member’s Occupancy Agreement.

_____	_____
Name of Co-op authorized representative	Date

Per _____	_____
	Witness

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

_____	_____
Signature of Member	Witness