

ARREARS POLICY

PURPOSE OF THE POLICY

To protect the financial visibility 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.
2. Housing charges are due in full on the first day of each month, the "due date."
3. If a member has not paid any amount owing, submitted a written request for, or signed an arrears payment agreement, the Management Company will send the member a 10-day notice demanding payment immediately after the due date.
4. 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, and other appropriate steps.
5. The co-op will charge a late fee of \$50 for any housing charges not paid in full by the due date. This will not apply on a monthly basis for the balance owing on an approved repayment agreement. However, this late fee will apply to subsequent late payments of regular housing charges.

Payment agreement

6. Members may submit a written request for an arrears payment agreement in which they explain:
 - a. the special circumstances for asking for the agreement, and
 - b. the steps they have taken to obtain funds from other sources.

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7. A member is not permitted to have more than one month housing charges, plus any fees, in arrears.
 8. 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 $\frac{1}{4}$ of the arrears balance.
 9. The Board is the only one that can authorize payment agreements for individual Directors (reference Rule 17.5 Persons disqualified to act as Directors).
 10. 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.
 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 Management Company, 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 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

13. 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.

Method of payment

14. Members must pay with either post-dated cheques submitted annually or by pre-authorized payment. The co-op will not accept cash for any payment.
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. If a member is late in paying housing charges for 3 consecutive months, they will be required to submit a money order or bank draft for their housing charges for 6 months after the outstanding debts are cleared, unless excused in writing by the Board (refer to Occupancy Agreement 4.10).

Collection of other arrears

17. The Management Company is responsible for collecting any other debts from members in addition to housing charges. Where a member fails to make payment for any amount

over \$50, the Management Company will send a 10-day demand for payment notice to the member.

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.