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 installment 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**

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

Payment

1. Housing charges are due in full on the first day of each month, the "due date". Permission may be granted by the finance committee to hold a cheque past the due date to a maximum of three times in a fiscal year. The housing charge must be paid by the end of the month in which it is due.
2. The co-op will charge a late fee for any housing charges not paid in full by the due date unless the member has submitted a request before the due date for their cheque to be held.
3. Members will pay with post-dated cheques (submitted annually) or direct deposit. The co-op willnot accept cash for any payment.
4. New members will pay their share purchase by bank draft or money order when the co-op accepts them as members.

Late payment and fees (other than routine cheque holds as set out in Point #2)

1. If the housing charge or share installment payment are not paid in full by the end of the month in which it is due, the finance committee will arrange an arrears payment plan.
2. A member will use this payment agreement to repay an amount of arrears no greater than onemonth's housing charges or one month's share installment payment, plus any fees. If the arrears balance is greater, the member must pay the excess by bank draft or money order.
3. The finance committee or the board 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.
4. The board may, at its discretion, authorize payment agreements for a longer term than set out in Point #3 only in cases of genuine hardship or extraordinary circumstances and if the term is no longer than six months. All arrears must be paid in full by the end of the fiscal year.
5. On the 5thof the month, if a member has not paid the arrears as stated in the arrears payment plan, management staff will report this breach to the finance committee and board, and send a demand for payment notice to the member.
6. The board will decide how to proceed, and will consider termination of membership and/or other appropriate steps.
7. 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 may be requested to make all payments, including housing charge payments, by bank draft or money order only.

1. 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.

1. If the member fails to meet the board's demand for payment, the board will begin termination proceedings.
2. 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

1. The co-op will charge members all administrative costs for any cheque that is returned.
2. Members who have a housing charge cheque 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

1. Finance committeeis also responsible for collecting any other debts from members in addition to housing charges. Where a member fails to make payment, management staff will inform the finance assistant who will inform the board.
2. Chore charge collection is delegated to the maintenance committee.

**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 installment 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.