

## 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, or other, (i.e. fines) 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 and any other amounts due to the co-op on time. The co-op has zero tolerance for arrears.
2. Fines are due thirty (30) days from date of issuance.
3. Housing charges are due in full on the **last** day of each month, the "due date".
4. If a member has not paid any amount owing, submitted a written request for, or signed an arrears payment agreement, management staff and/ or the Board of Directors will send the member a 10-day notice demanding payment immediately after the due date.
5. 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.
6. a) The Co-op will charge a late fee of \$50 for any housing charges not paid in full by the due date.

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b) The Co-op will charge an N.S.F. fee of \$50 for each N.S.F. or nonpayment.

### Payment agreement

7. 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.
8. A member may use a payment agreement to repay an amount of arrears no greater than one month's housing charges, plus any fees.
9. Management staff and or the Board of Directors 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.
10. The Board is the only one that can authorize payment agreements for individual Directors [reference Rule 17.5 Persons disqualified to act as Director].
11. 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.
12. While an arrears payment agreement is in effect:
  - The member must pay all housing and other charges in full and on time, and
  - At the discretion of management staff and/ or the Board of Directors the member may be required to make all payments, including housing charge payments, by bank draft or money order only.
13. 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

14. 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.

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## Method of payment

15. Members must pay with post-dated cheques, submitted annually. The Co-op will not accept cash for any payment.
  
16. 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

17. Members with a returned housing charge cheque/failed pre-authorized payment must make future payments by bank draft or money order, unless excused in writing by the board (refer to Occupancy Agreement 4.09 & 4.10).

## Collection of arrears

18. Management staff and/ or the Board of Directors is responsible for collection any other debts from members in addition to housing charges. Where a member fails to make payment for any amount over \$50.00, management staff and/ or the Board of Directors will send a 10-day demand for payment notice to the member.

Policy revised and approved by the Board of Directors April 8<sup>th</sup> 2014

Policy approved by Board of Directors November 23<sup>rd</sup> 2011

Replaces policy dated: June 20<sup>th</sup> 2005.