



Workshop title

Workshop leader

1

Agenda

1. Introductions.
2. Basics of Arrears.
3. Financial Impacts.
4. Community Impacts.
5. Reducing the impacts.
6. Lessons Learned.
7. Wrap-up.



2

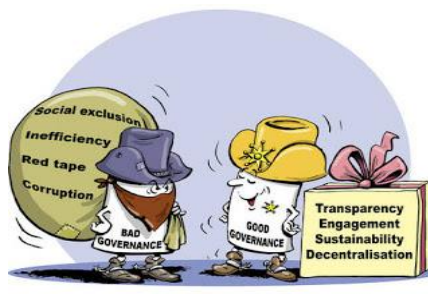
Introductions

- Please tell us:
 - Your name
 - The name of your co-op
 - The Province or Territory you are from
 - If arrears are a problem in your co-op



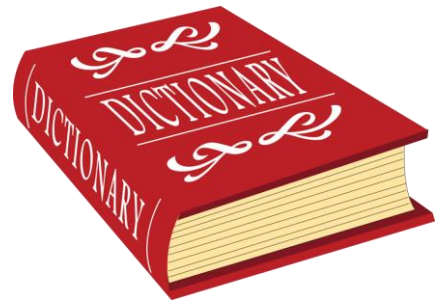
Good Governance

- Good governance is how the board of directors, and the members who elected them, set and control the overall direction of the co-op to ensure its success as a viable business and a healthy co-operative community.



What are arrears?

- According to the Collins Dictionary:
 - Money owed
 - To be “in arrears” means late in paying a debt



Dangers of arrears

- We should always be concerned about arrears because:
 - Arrears could become bad debts
 - Arrears could become an acceptable practice
 - Arrears cause cash flow shortages
 - Arrears bring down the Morale in the community
 - Arrears lead to decreased curb appeal



Financial Impacts

- Reduced Cash Flow affects:
 - Ability to pay bills on time
 - Contributions to replacement reserve
 - Repairs & maintenance

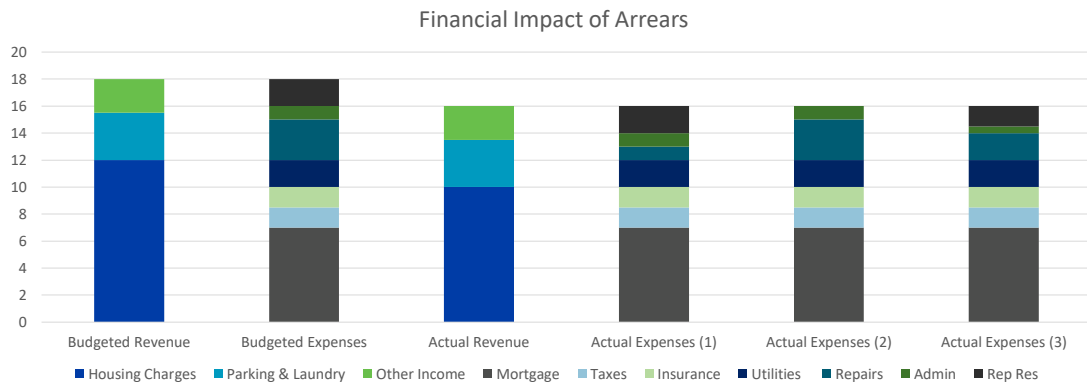


Non-profit housing co-operative

- Budgets are generally break-even (Revenues = Expenses)
- Revenues = housing charges + parking charges + laundry revenue + interest on the operating account + late charges + other miscellaneous income
- Expenses = mortgage + property taxes + insurance + utilities + Maintenance + Administration + contributions to Replacement Reserve



Budget



9

Community Impacts

- High arrears in the co-op will affect the community as well:
 - Engagement is lowered
 - Conflict is increased
 - General morale in the co-op decreases
 - Curb appeal of the property goes down
 - Vacant units go up in numbers
 - Board and staff spend time that could be better used in other ways



10

Reducing these impacts

- What can co-ops do to reduce the financial and community impacts of arrears?
 - Raise member awareness to these impacts



11

Let's get creative!

- **Brainstorming!**



12

Lesson #1 – Deal with arrears promptly

- Have a good arrears procedure and stick to it.
 - Housing charges are due by a specific time on the first business day of the month
 - Late letters are sent by the end of the first business day to members who have not paid in full
 - If payment is not made in the time specified in the late letter then send a Notice to Appear



Deal with arrears promptly (cont.)

- Before the end of the month every member should have either:
 - paid their housing charges,
 - signed a payment agreement or
 - had meeting with the board to discuss possible eviction



Lesson #2 – Arrears are not acceptable

- Make sure arrears are the exception and not the norm at your co-op



Lesson #3 – The co-op is not a bank

- Members should be discouraged from entering into arrears payment agreements to pay for other unbudgeted expenses



Wrap-up

- **Any final questions?**

17

Evaluations Please!

- **The impact of co-op arrears**
- **Renee Kominek**



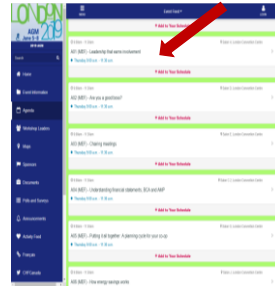
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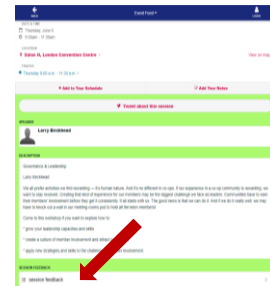
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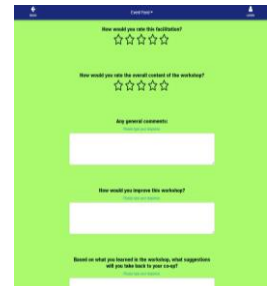
1. Click on Agenda



2. Chose workshop by day



3. Scroll to bottom for Session Feedback



4. Complete the Evaluation Form

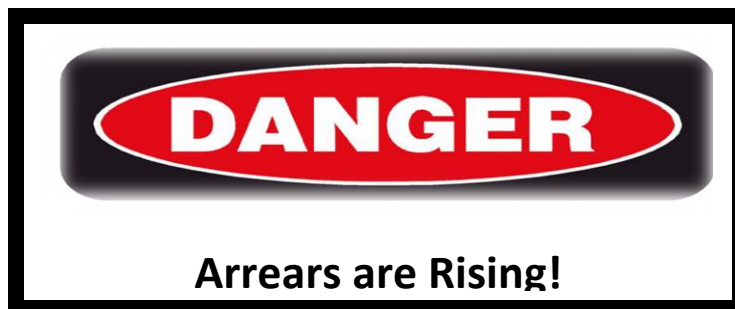
THE IMPACT OF CO-OP ARREARS

What are arrears?

Quite simply it means money owed.

Dangers of arrears...

- Arrears could become bad debts
- Arrears could become an acceptable practice
- Arrears cause cash flow difficulties
- Arrears bring down the morale in the community
- Arrears lead to decreased curb appeal



Financial Impacts

- ability to pay bills on time
- contributions to replacement reserve
- decreased spending on repairs & maintenance

Community Impacts

- member engagement is lowered
- conflict is increased
- morale in the co-op decreases
- curb appeal goes down
- vacancies go up
- board and staff spend time that could be better used in other ways

NOTICE TO APPEAR MEETING WITH THE MEMBER(S)

When a member has breached a co-op by-law and the Board of Directors are considering evicting the member the first step in the eviction process is to send the member a Notice to Appear. A Notice to Appear should only be used when the Board of Directors are considering evicting a member.

Goal of the Notice to Appear Meeting with the Member is to:

- Gather information
- Make a good decision
- Meet the Co-op's legal responsibilities
- Be fair

The meeting is held In Camera (confidential session) and a quorum of the Board must be present. The Board needs to ensure that they have allowed enough time on the agenda to deal with the issue and ensure that the member feels they have been given the opportunity to present any of their proposals to rectify the breach to the by-law.

The Board should prepare for the meeting by:

- Having a brief summary of the breach and the events that led to the Board's consideration of eviction of the member
- Deciding in advance of the meeting with the member what questions they will ask the member
- Deciding in advance of the meeting with the member who will lead the discussion (President, Manager, other director or Neutral Chairperson)
- Ensure no conflict of interest exists with any of the directors
- Remind all directors of the confidentiality that is required for this discussion
- Review the process of the meeting

The following process should be followed at the Notice to Appear Meeting:

- Board represented by whoever they decided would lead the discussion outlines the alleged breach or breaches to the co-op's by-laws
- Member or their agent can respond to the allegations
- Board (any Director) can ask further questions
- Member or their agent can ask further questions
- Thank the member for coming and let them know when they can expect the Board's decision
- After the member has left the meeting the Board makes their decision and records it in the minutes