

Helen's Court Co-op Handbook

Section 03. **General Information**



HELEN'S COURT CO-OP QUICK FACTS

- Helen's Court Co-operative Housing Association was formed in 1982.
- Our 44 unit housing co-op was completed and occupied in Spring 1984.
- Our mortgage will be fully paid by April 1, 2019.
- The co-op has a land lease with the City of Vancouver until May 31, 2024.

OPERATING AGREEMENT

The Operating Agreement is our contract with CMHC which governs some of our obligations in the management of Helen's Court. It is necessary for us to follow these set out obligations in order for us to keep receiving funding.

CMHC are insurers of our mortgage, in other words they guarantee our mortgage. If we default on our mortgage payment we break our agreement with CMHC. The corporation would then take over the co-op by appointing a receiver or a trustee, which would hold co-op monies in trust and the Board of the co-op would lose control of its management.

Information in our Operating Agreement with CMHC addresses the following topics:

- Conditions for receiving subsidy
- Definitions
- Calculation of assistance
- Reduced principal and interest
- Application of assistance
- Subsidy surplus fund
- Housing charges
- Subsidy breakdown - setting housing charges
- Declaration of income (56.1) example
- Definition of income
- Income-tested members
- Non-income tested members
- Tenant
- Replacement reserve
- Leases
- Occupancy agreements
- Articles of incorporation
- Mortgage renewal
- Project management
- Yearly reporting requirements
- Breach of agreement
- Payment in full of mortgage
- Reconciliation of Section 56.1 assistance
- Subsidy surplus fund
- Annual project data report

Copies of the Operating Agreement are available from finance manager Charlie Wyse (Unit #25.)

SECTION 56.1

Helen's Court comes under the 56.1 agreement of the National Housing Act, now known as Section 95.

Section 95 is a mortgage assistance program, which was originally designed to enable public housing projects and was adapted for co-ops. The purpose of the section is to provide assistance with the payment of the mortgage. CMHC will pay mortgage interest over a baseline of 2%. If the average rate of interest was 7%, the Federal assistance would then be the difference between the actual cost of the mortgage and what the mortgage would cost if the interest rate was 2%.

This program was cancelled by the Federal Liberal government in 1984.

Most of our financial obligations to CMHC are reflected in the Finance committee policy section of the Handbook.

Our mortgage will be fully paid by April 1, 2019.

THE LAND (OR GROUND) LEASE AGREEMENT

This is our agreement with the City of Vancouver. The City owns this land—we don't—which makes the City of Vancouver our landlord.

Our lease agreement includes:

- The length of our lease
- Payment of property tax
- Agreements re: buildings
- Insurance (commercial property insurance on the buildings)
- Maintenance and management of our buildings
(for example, shovelling snow and ice off sidewalks according to City bylaws)
- Bankruptcy information

Our lease will expire May 31, 2024.

Copies of the lease are available from finance manager Charlie Wyse (Unit #25.)

COOP PRINCIPLES (from CHFBC)

Open membership

Co-ops are open without exception to anyone who needs their services and freely accepts the obligations of membership.

Democratic control

Co-ops are controlled by their members, who together set policy, make decisions and elect leaders who report to them. In primary co-ops each member has one vote.

Economic participation

All members contribute fairly to their co-ops, which they own in common. Co-ops pay a limited return (if any) on

money people have to invest to become members. Surpluses are held for the future and used to improve the co-op's services.

Independence

All agreements co-ops sign with outside organizations or governments should leave the members in control of the co-op.

Co-operative education

Co-ops offer training to their members, directors and staff. Coops tell the public what they are and what they do.

Co-operation among co-operatives

Co-ops work together through local, national and international structures to serve their members.

Community

Co-ops meet members' needs in ways that build lasting communities within and beyond each co-op.

A housing co-op is...

A business:

- Housing complex
- Mortgage payments and sound financial management
- Maintenance
- Safety and security
- Short and long-term planning

A community:

- Social interaction
- Quality of life
- Mutual support

A co-operative:

- A legal entity
- Guided by co-op principles
- Volunteer governance structure
- The vehicle for the business and community to develop

A well-run housing co-op maintains a balance among these functions.

(Adapted from CHFBC's Guide to the Co-op Act)

CHAIN OF LEGAL AUTHORITY:

1.

Co-op's Memorandum and Rules

2.

Co-op's Occupancy Agreement

3.

Co-op Policies

4.

Standing Resolutions

5.

Board and Staff Decisions

The Cooperative Association Act is provincial law that governs all co-operatives including housing co-ops. Only the BC Government can change the Act.

Memorandum of Association is an official document that proves a co-op is incorporated as a legal association under the Co-op Act. Changes to the Memorandum must be consistent with the Act.

Rules set out how the co-op will carry on its business. Rules deal with things like how to become a member, membership shares, elections and how meetings will be run. All co-ops must have written Rules. These Rules must be consistent with the Act and the co-op's Memorandum.

Occupancy Agreement is the lease between the housing co-op and each member. It is Schedule A of the Rules and must be consistent with the Rules. If the Rules and Occupancy Agreement are in conflict then the Rules take priority.

Policies are set by the members or the board of directors. Policies deal with the daily business of the co-op. Most co-ops have policies around parking, pets, maintenance, participation and more.

A co-op can change its policies by a simple majority vote at a general meeting or board meeting.

Policies must be consistent with the Rules and Occupancy Agreement.

Standing Resolutions are decisions made by the board or members that do not need a formal policy. Standing resolutions cannot contradict co-op Policies, Occupancy Agreement, Rules, Memorandum of Association or the Act.

Operating Agreement is a contract with CMHC. The operating agreement covers the conditions of the government funding the co-op receives. The operating agreement is not part of the co-op's governance framework, but it is a binding contract and the co-op must live up to its terms. It can not be changed without consent of both parties.