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CHAPTER H-11

HOUSING CORPORATION ACT

CO-OPERATIVE HOUSING ASSOCIATIONS REGULATIONS

Made by the Lieutenant Governor in Council under the *Housing Corporation Act* R.S.P.E.I. 1988, Cap. H-11

1. These regulations apply to all companies formed pursuant to section 19 of the *Housing Corporation Act* R.S.P.E.I. 1988, Cap. H-11. (EC678/75) Application
2. The object of any co-operative housing association established under the provisions of the *Housing Corporation Act*, and the *Co-operative Associations Act* R.S.P.E.I. 1988, Cap. C-23 shall be to build and construct, or procure the building and construction of low cost dwellings, and other buildings, works and conveniences in connection therewith, on a co-operative basis, and to rent, lease or sell the same to the members of such association. (EC678/75) Object
3. (1) The members of the association shall consist of those persons signing the original memorandum of association together with all such other persons who may be subsequently admitted to membership under the terms and conditions of these regulations. Membership of association

(2) Every person signing the memorandum of association shall be deemed to be an applicant for a dwelling to be constructed by the association and by so signing shall evidence their intention of occupying the same as their family residence. Applicant for dwelling

(3) Every such person shall meet the program requirements relating to assistance available for low cost dwellings as are from time to time set by the Prince Edward Island Housing Corporation. Program requirements

(4) The Board of Directors of the association may by resolution admit to membership in the association, any person who Admission to membership

 - (a) shall have been first approved by a majority vote of their members;
 - (b) shall apply for a dwelling as his family residence either to be built by the association on a co-operative basis, or by way of purchase of a house already built by the association;
 - (c) shall have subscribed to these regulations, and to the provisions of the original memorandum of association;

- (d) shall have established to the satisfaction of the Board of Directors that he possesses the necessary equity and financial means to fulfill his obligations as a continuing member;
- (e) shall have paid to the association any initial or membership fee which may be established;
- (f) shall have received the consent and approval of the Prince Edward Island Housing Corporation.

Withdrawal from
association

- (5) A member may withdraw from the association
- (a) by selling his share or interest in the association to any person who meets the requirements of subsection (3);
 - (b) by outright purchase of the dwelling leased by him from the association, subject to the provisions of section 24 of the *Housing Corporation Act* (attached as Appendix A), and subject also, if the said purchase shall be within one year from the date of the commencement of the lease, to the payment, if so required of the sum of two hundred and fifty dollars to the Prince Edward Island Housing Corporation to cover the cost of blueprints, administration and other incidental expenses; and subject also to thirty days notice to the secretary of the association of his intention;
 - (c) any member wishing to sell his share or interest in the association pursuant to clause (a) shall first give thirty days written notice to the secretary of the association of his intention, setting forth the name of the person to whom he intends to sell, and requesting that a special general meeting of the association be called to consider such sale and transfer.

Death of member

- (6) Upon the death of any member of the association, the share or interest of the member so dying shall pass to his legal representative, and the Board of Directors shall be empowered to negotiate with such representative for the disposition of such share or interest within the broad intent of these regulations. (EC678/75)

Ownership

- 4.** (1) All property shall be owned by and vested in the association subject to any mortgage made by the association in favor of the Prince Edward Island Housing Corporation.

Leases

- (2) Individual dwellings and outbuildings used in connection therewith, together with designated plots of land upon which any dwelling and outbuildings are located shall be leased to the member occupying such dwelling, in form of lease as prescribed by the Prince Edward Island Housing Corporation, and the member shall be deemed to be the "tenant" thereof so long as he remains a member.

Common area

- (3) Each member of the association, together with the members of his household, shall have use in common with all other members, of all

community property, including parks, playgrounds, rinks, streets and common rights-of-way, and shall be liable and responsible for their construction, maintenance and upkeep from time to time, and in the manner as may be prescribed by the Board of Directors or the Prince Edward Island Housing Corporation.

(4) Tenancy shall be concurrent with membership and the provisions of section 2 shall apply to transfers thereof. (EC678/75) Transfers

5. (1) In the case where shares are to be allotted, each share in the association shall have a par value of one dollar and in the case where interest value is to be allotted it shall be allotted in amounts of one dollar or multiples thereof. Par values of shares

(2) The Board of Directors shall, at each monthly meeting thereof, allot to each member such number of shares or the amount of his interest as he shall have become entitled to receive during the intervening month. Allotment

(3) Shares or interest shall be allotted on the following basis: Basis of allotment

- (a) representing the original equity contributed by the member for the purchase of land, costs of survey, legal and incorporation fees, and other costs or expenses of similar nature;
- (b) representing work done, and labour and materials supplied either in connection with the capital construction of the dwelling allotted to the member in question or in connection with the capital construction of dwelling of any other member, or in connection with any of the community property, the amount of such allotment in each case shall be determined by the discretion of the Board of Directors;
- (c) representing that portion of the monthly payment due under the lease, which shall be applied to the capital repayment of the association mortgage.

(4) Allotment of shares or interest shall be entered monthly by the treasurer into a general share or interest ledger to be kept by him, as well as into the individual share or interest book held by each member. Entries

(5) No shares or interest shall be allotted for work done or materials supplied in connection with routine internal or external care and maintenance. Maintenance

(6) The association shall have an absolute lien on the shares or interest deposits of any member for any debt to the association, and any sum credited to such member may be applied on or towards the payment of such debt. No share or interest shall be transferred or interest allotted until all claims of the association against the member shall have been paid in full. (EC678/75) Lien

Voting	6. (1) Each member shall be entitled to one vote only, regardless of the number of shares or interest which may have been allotted to him, and shall be entitled to cast one vote on any question coming before any general or special meeting of the association.
Proxies	(2) In the event that any member shall be unable to attend any such general or special meeting, he may delegate any adult member of his household to cast his vote, and speak on his behalf. (EC678/75)
Board of Directors	7. (1) The business of the association shall be conducted by a Board of Directors, which shall be all the members of the association.
Quorum	(2) A majority of the members of the Board shall constitute a quorum.
Regulations	(3) The Board of Directors shall have the power to make regulations not inconsistent with the <i>Housing Corporation Act</i> or these regulations for the more efficient management of the business of the association.
Meetings	(4) The Board shall meet regularly at least once a month, or more often upon the call of the president or on the written request of any two members thereof.
Statements	(5) The Board shall file a written report at the annual meeting of the association, together with a detailed statement of receipts and disbursements that had been made during the current year and a statement of estimated receipts and disbursements for the forthcoming year.
Filing with Corporation	(6) The financial statement for the current year shall be filed with the Prince Edward Island Housing Corporation by the Board and may be audited by an official of the Prince Edward Island Housing Corporation.
Election of officers	(7) The Board of Directors shall, immediately following the annual meeting of the association elect from among its number a president, vice-president, and a secretary-treasurer who shall do and perform all of the usual duties pertaining to their respective offices.
Signing officers	(8) The signing officers of the association shall be the president and the secretary-treasurer.
Receipts	(9) All monies received by the association or any officer thereof shall be deposited in a licensed deposit institution to the credit of the association, and all disbursements shall be made by cheque drawn on such institutions and not otherwise.
Bonds	(10) The Board of Directors may require the treasurer to furnish a good and sufficient bond from a bonding and surety company for the faithful performance of his duties.

(11) The remaining members of the association shall have all the authority necessary to carry on the powers and duties of the association even though the membership is reduced below five members. (EC678/75) Members

8. The books and accounts and all records of the association shall be subject to audit and inspection by an official of the Prince Edward Island Housing Corporation, who may, prior to the annual meeting of the Association audit the financial statement for the year then under review. (EC678/75) Audit

9. (1) The annual meeting of the members of the association shall be held on a date designated by the Board of Directors and in the month of April in each year. Annual meeting

(2) Seven days notice in writing shall be given to each member by letter postage prepaid mailed to the address as it appears in the records of the association. Notice

(3) Similar written notice shall be forwarded to the Prince Edward Island Housing Corporation. Idem

(4) Special general meetings of the association may be held at the call of the president, and shall be held on the written request of three members, stating the reasons for such request and the business to be conducted thereat. Special meetings

(5) Notice in writing of any special general meeting shall be mailed or delivered to each member and to the Prince Edward Island Housing Corporation when appropriate at least twenty-four hours before the holding of such meetings, and the notice shall state the purpose of the meeting and the business to be discussed thereat. Notice

(6) Two-thirds of the membership in the association shall constitute a quorum at any general or special meeting. (EC678/75) Quorum

10. (1) The records to be maintained by the association shall include the following: Records

- (a) a record of the members of the association and the number of shares or interest allotted to each;
- (b) the name and address of each officer and director;
- (c) detailed statement of receipts;
- (d) detailed statements of disbursements;
- (e) minutes of meetings of Directors and general and special meetings of members;
- (f) all correspondence relating to the business of the association.

Inspection of records	(2) All records of the association shall be available for inspection by any member on request at any reasonable time.
<i>Idem</i>	(3) All records shall be available for inspection, examination and audit by the appropriate member of the Prince Edward Island Housing Corporation.
Form	(4) The Prince Edward Island Housing Corporation may specify and determine the manner or form in which any or all records are required to be maintained.
Custody	(5) Deeds, contracts, leases and all similar documents shall be held in custody and safe keeping by the Prince Edward Island Housing Corporation or in a bank safety deposit box in the name of the association. (EC678/75)
Construction projects	11. (1) No association shall undertake any construction project unless its members have undergone sufficient study of co-operative housing under the supervision of and to the satisfaction of the Prince Edward Island Housing Corporation.
Purchase of lands	(2) No lands or materials may be purchased or any contracts entered into without the written approval of the Prince Edward Island Housing Corporation.
Quorum	(3) Where practical at least three prices are to be obtained by the association before purchasing any materials.
Qualified supervisor	(4) The service of a qualified supervisor or carpenter competent to lay out and oversee the construction by the association are required to be procured and approved by the Prince Edward Island Housing Corporation before any construction may commence.
Construction records	(5) One member of the association shall be delegated by the association and held responsible to keep construction records in the manner and form prescribed by the Prince Edward Island Housing Corporation.
Labour	(6) Each member shall be required, and shall mutually agree with all other members, to perform not less than twenty hours of labour each week during the course of construction of the project; failure to comply with this provision to the satisfaction of the Directors shall, subject to the approval of the Prince Edward Island Housing Corporation, render such defaulting member liable to expulsion from membership.
Monthly progress report	(7) During construction the association shall forward to the Prince Edward Island Housing Corporation a monthly progress report, which

report shall include a record of the number of hours spent by each member on the project.

(8) Any problem arising during construction shall be dealt with at a regular meeting of the members, to be called forthwith, which meeting may refer the matter to the Prince Edward Island Housing Corporation for final resolution.

Resolution of
problems

(9) Plans and specifications are required to be approved by the Prince Edward Island Housing Corporation before the commencement of construction or the entering into of any contracts by the association, and no changes or alterations may be made therein without the written authorization of the Prince Edward Island Housing Corporation.

Plans and
specifications

(10) Each construction project will be subject to inspection by the Prince Edward Island Housing Corporation at least once a week, and the accounts and records of the project may be audited by the Prince Edward Island Housing Corporation at least once each month.

Audit

(11) Failure of the association or any member thereof to comply with any of the provisions of this section may result in the withholding of advances or cancellation of the project by the Prince Edward Island Housing Corporation.

Failure to comply

(12) There shall be added to and included as a part of each monthly payment due unless under the terms of the lease, an amount of not less than two dollars which shall be paid into and constitute a part of the "Reserve Fund" to be set aside and used in the manner set forth in clause 10 of the Standard Mortgage Form. (EC678/75)

Reserve Fund

12. The association shall have the power to

Powers

- (a) draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, and other negotiable or transferable instruments;
- (b) purchase, take or lease or exchange, hire or otherwise acquire any real or personal property and any rights or privileges which the association may think necessary or convenient for the purpose of its business and to sell, mortgage or otherwise dispose of the same; in all instances with the approval of the Prince Edward Island Housing Corporation;
- (c) issue fully paid shares, interest value debentures or other securities of the association in payment or part payment of any property or rights which may be required by the association or for any services or work done for the association or in or towards the payment or satisfaction of debts or liabilities owing by the association;

(d) enter into arrangements with any authorities - governmental, city, town, village, or community improvement committee that may seem conducive to the best interest of the association and obtain from any such authority any rights, privileges and concessions which the association has capacity to receive and may think desirable and to obtain and carry out, exercise and comply with any such arrangements, rights, privileges and concessions;

(e) enter into any arrangements with the Prince Edward Island Housing Corporation that may seem conducive to the attainment of the association's objects, in respect of the erection or construction of any such dwellings, buildings, or other works and conveniences and the maintenance and alterations thereof; as well as the sale or lease of the same or of any part thereof;

(f) do all such other acts and things as are incidental or conducive to or consequential upon the attainment of the above objects or any of them. (EC678/75)

Rental

13. No member of the association shall sublet or rent the dwelling allotted to him, except with the approval of the Board and the Prince Edward Island Housing Corporation and in no event for a period longer than one year. Rent payable by any subtenant shall not exceed the monthly charge ordinarily payable by the member under the terms of his lease, together with a reasonable charge for furnishings, wear and tear, such rent charge to be subject to the approval of the Board. A sublease shall be in written form. (EC678/75)

Complaints

14. (1) Any member of the association may lay a complaint to the Board of Directors, against any other member for violation of these regulations, or conduct detrimental to the well being of the association.

Notice

(2) Upon receipt of such complaint, which shall be in writing and shall set forth the particulars of the matters complained of, the Board shall notify the member complained of and shall forward him a copy of the particulars of the complaint.

Hearing

(3) The Board shall hold a meeting forthwith to deal with the matter of the complaint and the member complained of shall be entitled to be present and to be heard.

Disposition

(4) The Board may thereupon
 (a) dismiss the complaint; or
 (b) refer the matter to a special general meeting of members called for the purpose, at which meeting the member complained of shall be entitled to be present and to be heard.

Special general meeting

(5) The special general meeting may thereupon

- (a) dismiss the complaint;
- (b) reprimand the member complained of; or
- (c) upon a majority vote of members present, move for the expulsion of the member from the association which expulsion and the terms thereof as set by the association may include termination of the lease and arrangements or contracts for the disposition or transfer of the shares of interest of such member, all subject to the approval of the Prince Edward Island Housing Corporation. The Prince Edward Island Housing Corporation shall also have power to terminate the tenancy of the member so expelled, and with the association to enter into an arrangement or contract for the disposition or transfer of the shares or interest of such member. (EC678/75)

15. A co-operative association shall be dissolved under the provisions of the *Co-operative Associations Act*. (EC678/75) Dissolution

APPENDIX A

Section 24: Housing Corporation Act

(1) Except as provided in this section, a company that is indebted to the Corporation shall not sell, transfer or assign any of its real property unless it complies with the regulations and has the consent of the Corporation.

(2) A company with the consent of the corporation may sell and convey to a member of the company the dwelling and lot that the member holds under a lease agreement with the company, if

- (a) the member pays to the company all amounts that are due and payable by the member to the company;
- (b) the member surrenders to the company all shares of the company that have been issued to him;
- (c) the member pays to the company the balance of the principal sum expended by the company for the purchase of the lot and for the construction of the dwelling; and
- (d) the sale is approved by a majority of not less than two-thirds of such members of the company as are present at an annual or special meeting of the company, and whose rent is not in arrears for three months or more.

(3) The company shall cancel the shares so surrendered and the share capital of the company shall be reduced by the amount paid by the member on the purchase of shares of the company.

(4) The Corporation, if satisfied that

- (a) the company and the member have complied with subsections (2) and (3);
 - (b) the company has paid to the Corporation the amount paid by the member to the company pursuant to clause (2)(c) and any other amount payable to the Corporation in respect of the dwelling and lot; and
 - (c) the sale will not adversely affect the security of the Corporation, shall give a partial release of mortgage releasing the dwelling and lot from the mortgage held by the Corporation.
- (5) The company and the Corporation may accept a mortgage or assumption of mortgage by the member under subsection (4) of this section as security for the amounts owing thereunder.