

# Pay up or step down?

## Dealing with board members in arrears

Housing co-ops need to manage their arrears. This means having clear, firm rules that the co-op, through its board, applies to everyone. But what should co-ops do if board members are in arrears themselves? How can co-ops be sure that the board is following its own rules?

When directors are in arrears they are breaking the rules they have been elected to uphold. That can reduce the members' confidence in the board. CHF Canada believes that board members should not be in arrears and that board members in arrears should have to step down.

How do you make that happen? Co-ops have taken different approaches. Some co-ops' by-laws do not allow board members to stay on the board at all if they are in arrears. Others let board members stay in office if they are keeping up with payment agreements. In a few co-ops, board members sign an ethical conduct agreement that says they must resign if they are in arrears. CHF Canada's own board members sign an agreement like this. Whichever approach you choose, make sure it is written down, approved by the members and followed consistently.

How does the co-op know if board members are in arrears? Make sure that arrears reports go to all the directors. Don't leave it up to one director – or co-op staff person – to monitor arrears. Directors should not benefit from any special confidentiality just because they are on the board.

Failing to deal with board arrears can lead to arrears problems among the members generally. Boards aren't good at monitoring rules they aren't keeping themselves. Make sure this can't happen at your co-op.

For more information for boards of directors of housing co-ops, see Getting Governance Right, available in the Resources section of [www.chfcanada.coop](http://www.chfcanada.coop).

