

**PARTNER MANAGED HOUSING PROGRAM**  
**OPERATING GUIDE**  
**2018**



# PARTNER MANAGED HOUSING PROGRAM OPERATING GUIDE

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# INTRODUCTION

## **INTRODUCTION**

Welcome to the Guide for Partner Managed Housing (PMH). This Guide has been written to help PMH Sponsors understand how Newfoundland and Labrador Housing Corporation's (NLHC) PMH program works. It also explains the basics of how to manage a housing project.

A deliberate attempt was made to keep this Guide brief. It gives a clear overview of what Sponsors need to know to run their projects while maintaining good standing with NLHC.

NLHC upholds the work of sponsor groups in their provision of housing accommodations for lower income families and individuals. NLHC provides financial and operational assistance, to support the administration of the PMH Projects.

While most non-profit groups own their projects, financed through a thirty-five (35) year mortgage, there are some sponsors who manage the project for NLHC under a five (5) year renewable management agreement.

A Bi-Annual Conference is held for all Sponsors to discuss common challenges in managing their housing projects.

## **PARTNER MANAGED HOUSING**

Partner Managed Housing refers to subsidized housing to assist individuals and families of low to moderate income that fall within the Housing Income Limits (Refer to definition on page 2).

The people who live in PMH housing may be families, seniors, and singles, some of whom may also have physical disabilities or other complex needs. Such individuals benefit from these programs provided they can cope with independent living with or without special support from the community at large.

PMH Programs were developed as a response to non-profit organizations that recognized the need for housing and took action to provide adequate, suitable, and affordable accommodations. PMH Programs are delivered and administered through the Program Delivery Department, as well as through the Regional Offices.

The PMH Program provides assistance to PMH Sponsors for the modernization and operation of their housing projects. The system is based on the principle that people in need should not have to pay more than 30% of their income for fully serviced rental accommodations. Rents are established according to a Rent-Geared-to-Income Policy. The Sponsor receives, if needed, subsidy assistance on a monthly basis from NLHC. The maximum annual subsidy payable to any project is equal to the difference between acceptable annual project revenues and annual operating costs.

Partner Managed Housing Sponsors manage more than **1000** housing units in **61 projects** across Newfoundland and Labrador under the guidance of NLHC.

## **DEFINITIONS**

The following are definitions that have been included to improve the understanding of the Operating Guide:

Allowable Expense: Those items of allowable expenditures specifically listed in the Project Operating/Management Agreement.

Audit: An examination of a Sponsor's accounts, records and operational documentation by an independent third party licensed to perform an audit. An audit provides an opinion on the financial statements of the operations, performance and financial position of the Sponsor, including an Auditor's Report on the fairness of reporting, a report on whether or not tenants' incomes have been verified by the Sponsor and that the Sponsor has performed rent calculations correctly and whether or not the replacement reserve fund has been properly maintained where the Sponsor has custody of the funds and upon completion of the audit the independent third party may provide their opinion in a management letter.

Book Of Accounts: The summary records of the Sponsor's financial activities.

Guide For The Preparation Of Annual Financial Statements: The guide prepared by NLHC for Auditors to follow in the preparation of Annual Financial Statements for Partner Managed Housing Sponsors.

Housing Income Limit (HIL): For NLHC, the HIL is \$32,500.

NLHC: Refers to Newfoundland Labrador Housing Corporation.

Operating Deficit: The deficit cash position of the Sponsor's project at year-end (i.e. a lack of funds due to spending more money than allocated in the annual budget).

Operating Surplus: The surplus cash position of the Sponsor's project at year-end (i.e. an excess of funds due to spending less money than allocated in the annual budget; this money needs to be returned to NLHC).

Operational Review: The annual review of records and practices of project management and administration by NLHC's Housing Officers.

Operational Review Package: The package of forms which facilitates the completion of an Operational Review.

Cyclical: The time period referred to as once every three (3) years.

Tenant Profile: A file that includes relevant information and documents pertaining to the tenant, such as: a list of individuals living in each unit, their relationship to each other, changes in family composition and employment, income verification, and a signed copy of the lease.

Gross Household Income: Gross household refers to the gross annual income of each household member. All sources and types of income shall be included in the determination of Gross Income, unless specifically excluded under Income Exclusions.

## **HOUSING OFFICER**

A Regional Office staff member will be designated to be responsible for working with Sponsors in their Regions. These staff members, known as Housing Officers, will provide the link between NLHC and the Sponsors. HOs will act as the key contact for the Sponsor groups.

HO's must follow the requirements of the Operating Agreement and are responsible to provide support for operational issues, such as, annual operational reviews, inspections, attend Annual General Meetings, and provide technical advice and guidance (e.g. calculation of rent) when requested. The HO also provides the Sponsor with a copy of the Client Data Sheet, so that the Sponsor group can update existing information.

## **NLHC REGIONAL OFFICES**

NLHC has a network of Regional Offices throughout the Province. Their aim is to:

- Improve links that currently exist with PMH Sponsors;
- Encourage voluntarism;
- Increase the current level of community involvement; and
- Support the continued viability of all PMH Projects.

Regional Offices shall schedule and complete property Condition Reports on PMH Projects every three (3) years, or more frequently if deemed necessary. The purpose of a Condition Report is to review and maintain a project, in order to prevent capital maintenance or project failure. Reports are provided to Sponsors so that findings and external estimates of repair can be included in the Sponsor's annual operating budget.

The Engineering Technician carrying out the condition inspection is to advise the Sponsor, in advance, and request that he/she be accompanied by a representative from the Sponsor during this inspection.

### **Sponsor Visit Planning**

Regional Offices shall schedule and conduct Annual Operational Reviews on PMH Projects. Sufficient notice is to be provided by the HO to the Sponsor so that a representative, and/or the records, can be made available during the on-site review.

The Sponsor visit will serve to highlight any areas of concern and to track the operational activities of project administration to ensure compliance with the Operational/Management Agreement.

For further information on PMH, please contact the NLHC Regional office in your region.

**Avalon Office**

2 Canada Drive  
P.O. Box 220  
St. John's, NL  
A1C 5J2  
Phone: 724-3000  
Fax: 724-3250

**Grand Falls Office**

5 Hardy Avenue  
Grand Falls-Windsor, NL  
A2A 2P8  
Phone: 292-1000  
Fax: 292-1028

**Gander Office**

5 Garrett Drive  
P.O. Box 410  
Gander, NL  
A1V 1W8  
Phone: 256-1300  
Fax: 256-1320

**Corner Brook Office**

34 Boones Road  
P.O. Box 826  
Corner Brook, NL  
A2H 6H6  
Phone: 639-5201  
Fax: 639-5206

**Stephenville Office**

58 Oregon Drive  
Stephenville, NL  
A2N 2Y1  
Phone: 643-6826  
Fax: 643-6843

**Goose Bay Office**

8 Royal Street  
P.O. Box 299, Stn B  
Happy Valley-Goose Bay, NL  
A0P 1E0  
Phone: 896-1920  
Fax: 896-9208

**Marystown Office**

60 Atlantic Avenue  
P.O. Box 338  
Marystown, NL  
A0E 2M0  
Phone: 279-5375  
Fax: 279-5387

**COMMUNICATION RESPONSIBILITIES**

Communication is vital for the proper functioning of a PMH Sponsor. Open lines of communication can ensure that all parties involved in the functioning of the project understand their duties and responsibilities.

Communication should be made through e-mail, phone calls or visits between the Sponsor and Regional Offices, so as to improve contact, share annual client data reporting, etc.

Furthermore, the NLHC website (<http://www.nlhc.nf.ca/>) is a good point of reference and includes all forms and materials available to PMH Sponsors.

## **THE OPERATING AGREEMENT**

The Project Operating/Management Agreement is a signed contract between the Sponsor and NLHC to provide rental housing for low-and moderate-income households.

It sets out the obligations of both parties and conditions for the continued funding of the project. This includes the Sponsor's agreement to administer a housing project, and NLHC's agreement to provide subsidy assistance.

The Project Operating Agreement remains in effect for the lesser of thirty-five (35) years or the useful life of the project, as determined by NLHC. The Management Agreement remains in effect for five (5) years.

### **In summary:**

- Each Sponsor Group has entered into an Operating Agreement with NLHC as the "Active Party". A sample copy of an operating agreement is available upon request;
- In the Agreement, the Sponsor agrees to collect rents; determine tenant eligibility; and maintain the building(s);
- NLHC provides subsidy assistance towards the mortgage and other expenses required to operate the rental project; and
- The Sponsor agrees to plan for long term maintenance and captal repairs (Refer to Maintenance and Repairs on page 43).

# ORGANIZATIONAL STRUCTURE

## **THE SPONSOR**

A Sponsor is defined as an incorporated body which has entered into an Agreement with NLHC. A sponsor can include volunteers and paid staff and can range from Health Care Boards to local Community Service Clubs. Sponsors support PMH Projects and are a critical resource in terms of meeting community housing needs.

In addition to using the PMH Program Operating Guide Sponsors may require initial orientation, training, and on-going support.

The Partner Managed Housing Program requires that Sponsors be a non-profit corporation and to operate at arm's length from NLHC. The corporation will:

- Set out the Constitution which outlines the rules and authorities by which the Sponsor operates;
- Ensure that all benefits received from NLHC continue to have a direct and beneficial impact on the residents of the project; and
- Ensure that the Sponsor provides careful management of the project in accordance with the Operating Agreement.

Directors may be personally liable for the Sponsor's debts and other obligations if (s) he fails to act in the best interests of the Sponsor, or acts in a way that is harmful to the Sponsor. Therefore, all Sponsor groups are required to obtain Director's Liability Insurance.

Sponsors shall not enter into any contract for the management of all or part of a project by any person or organization other than its own employees/representatives without the prior written consent of NLHC. For further information refer to Conflict of Interest on page 29.

## **SPONSOR CHECKLIST**

PMH Sponsors shall enter into Operating/Management Agreements with NLHC. It is important for sponsors to follow the terms of the agreement in order to avoid potential problems.

Responsibilities include but are not limited to the following:

- Review internal control processes on a regular basis.
- Maintain books of accounts and other records satisfactory to NLHC and permit NLHC's representative to review such books, records and accounts at any reasonable time (Refer to Specific Records and Files on page 29).
- Refer to general reporting requirements as set out in the Operating/Management Agreement.

- Complete rebate claims with the Canada Revenue Agency (Refer to Preparing the Budget on page 64).
- Formally accept and sign-off upon completion of the annual audit (Refer to Audited Financial Statements on page 68).
- Ensure that applicants' total household income is within the Household Income Level (HIL) (\$32,500).
- Selection of tenants (Refer to Tenenat Selection page 56).
- Complete an annual inspection of apartments and common spaces at least once a year (Refer to Property Inspection on page 65).
- Ensure units are maintained by Tenants to a reasonable standard (Refer to Property Inspection on page 65).
- Carry out maintenance, as required (Refer to Maintenance and Repairs on page 44).
- Carry insurance (Refer to Fire and Other Insurance on page 65).
- Develop emergency response plans and be prepared to respond to emergencies without NLHC assistance.
- Promote a sense of community and caring amongst Tenants (Refer to Tenant Association Fees on page 67).

For further clarification and guidance, Sponsors are to consult with their regional Housing Officer.

## **INCORPORATION**

All Sponsors must be incorporated and registered under provincial legislation, and must keep such registration up-to-date.

For Sponsors to qualify for assistance, NLHC requires that the following unalterable clauses appear as outlined below in the Articles of Incorporation:

- No part of the income of the Sponsor may be payable to or otherwise available for the personal benefit of any member of the group.
- The Directors and Officers shall serve without expectation of payment in any form. No Directors or Officers shall directly or indirectly receive any profit or benefit from their position, except that they may be paid reasonable out-of-pocket expenses, approved in advance by the Board, incurred in the performance of their duties. Such expenses normally include an allowance for car mileage and meals for which NLHC rates are to

apply. Should a Board member be required to travel on approved business, the Board may issue a fully accountable travel advance.

- In the event that the Sponsor should at any time be wound up or dissolved, the remaining assets after payment of all debts and liabilities shall become the property of NLHC.
- The work of the Sponsor shall be carried on without the purpose of gain for its members, and any profits or other income to the Sponsor shall be used in promoting its objectives.
- The Sponsor shall ensure that in all its financial transactions (contractual or non-contractual) no one associated in any way with the Sponsor shall receive any direct or indirect financial benefit from the transaction (i.e. Board members, management officers, staff members, or family members of these individuals). In situations where a conflict of interest could arise, the involved person shall declare such conflict in writing and not participate in any discussion or decision affecting this transaction.

### **THE CONSTITUTION**

The Constitution deals with the overall policies of an incorporated body. Once incorporated, no changes to the accepted document may be made without the prior confirmation/acceptance of NLHC. Unauthorized changes could jeopardize the subsidy assistance.

If a PMH Sponsor already exists, it is likely that its incorporation documents, By-laws, and Constitution meet the requirements set out in this Guide. However, if the organization documents differ from these requirements, the Sponsor's lawyer should be instructed to review and take immediate steps, working with NLHC, to correct the areas that are lacking. Failure to do so could jeopardize the subsidy assistance.

# THE BOARD OF DIRECTORS

## **THE BOARD**

The PMH Sponsor is governed by a volunteer Board of Directors. The Board is responsible for establishing policies on human resources management, administration and finance, short/long term maintenance, modernization and improvement, tenant selection, and tenant relations in line with NLHC guidelines. The Board also organizes and appoints special committees; sets a budget; ensures that all legal obligations are met; provides firm leadership; and maintains open lines of communication with tenants and other stakeholders.

All Board members assume responsibility for the Sponsor's interests and objectives and must therefore appreciate the level of commitment and degree of responsibility required of them. They must act at all times in the best interests of the Sponsor as a whole, so as to preserve its assets, further its interests, and promote the purposes for which it was formed.

## **STRUCTURE**

Any incorporated organization must have a minimum number of Directors (usually 10-15). The Board appoints certain official positions, such as President, Secretary and Treasurer. The Directors have direct day-to-day responsibility for operations or programs unless there are staff members. Directors develop policy and approve or reject major suggestions made by committees and staff.

A Director can be anyone of legal age in the community who is interested in supporting the goals of the Sponsor. The best choices for Directors are people who, regardless of their occupation, are genuinely interested in the housing needs of the local community and are willing to work on a volunteer basis to ensure that those needs are met. Hopefully, volunteers can be found who can bring to the Sponsor a certain level of expertise in managing an organization, whether this expertise is in running a private company or a non-profit organization.

NLHC uses the term "partner managed" in describing a Sponsor's Board of Directors. A community-based Board generally encourages greater communication among the major participants in a PMH project – the Board, the membership, the employees and the tenants – because all are working toward a common goal of providing housing within the designated community.

## **RESPONSIBILITIES OF THE BOARD**

Directors have the legal responsibility to conduct the business of the organization. Board members cannot receive direct financial gain or profit for being Directors.

Debts incurred by the Sponsor are not the personal liability of the Board except if the Board commits a proven fraudulent act or if it can be proven that the Board was negligent. The Sponsor's annual return filed with the Registry of Companies must be kept up to date to avoid any liability for these debts.

The Board of Directors will likely delegate the day-to-day financial operations to staff and/or committees. The Board will, however, monitor the operations, make major financial decisions, and ensure that the Sponsor's financial policies are being implemented within the context of an approved operating budget.

**The Board's financial duties include:**

- Approving the annual Operating Budget and providing NLHC with comments by October 31<sup>st</sup>;
- Authorizing the hiring and dismissal of staff (where applicable);
- Understanding the financial implications of its decisions and recommendations to members; and
- Monitoring expenses and receipt of housing charges.

**The Board's other duties include:**

- Providing continuous experienced leadership so that major staff or volunteer changes will not weaken the organization;
- Directing committees;
- Conducting periodic evaluations of the Sponsor's operations with a view towards improving operations;
- Ensuring the annual calendar of events is carried out;
- Ensuring client data is submitted to NLHC by July 31<sup>st</sup>;
- Ensuring the Auditor's Report, Audited Financial statements and management letter (if any) are submitted to NLHC by July 31<sup>st</sup>;
- Ensuring Quarterly Cash Flow statements are submitted to NLHC by the 20<sup>th</sup> of the month following the end of the previous quarter (refer to Annual Calendar on page 19);
- Reviewing Municipal Assessments; and
- Reviewing Emergency Plans on an annual basis.

**RESPONSIBILITIES OF ALL DIRECTORS**

**A Director's responsibilities include:**

- Attending all Board meetings;
- Preparing for meetings by reading relevant reports;
- Keeping in touch with the general needs and concerns of tenants;

- Ensuring the project is maintained and administered according to the Operating Agreement with NLHC; and
- Keeping up-to-date with relevant provincial legislation as well as with the policies and by-laws of the Sponsor.

**Individual Directors may also be assigned specific tasks, such as:**

- Sitting on one of the committees; and
- Representing the Sponsor during meetings/events with other organization of which the Sponsor is a member.

## **DUTIES OF SPECIFIC DIRECTORS**

**The President:**

- Provides overall co-ordination of the Board and its Committees;
- Provides direction to ensure the Sponsor’s policies, agreements, and By-laws are followed;
- Represents the Sponsor (public and media);
- Calls Board meetings;
- Prepares the Board meeting agenda with the Secretary;
- Chairs all Board meetings; and
- Signs documents as an officer of the Board.

**The Secretary:**

- Signs documents as an officer of the Board and is guardian of the Sponsor’s corporate seal;
- Submits required reports to the government and NLHC; and
- Corresponds with Sponsor members and the community as directed by the Board.

**The Treasurer:**

- Sees that annual audited Financial Statements are prepared at the end of the fiscal year for report to the Board;
- Ensures that an annual operating budget is prepared for the upcoming fiscal year;
- Advises the Board on the implications of any financial transaction considered;

- Ensures that all funds are credited to the sponsor and deposited to the financial institution selected by the Board;
- Ensures that accurate financial records are maintained; and
- Provides financial reports for regular meetings and Annual General Meetings and has bank statements available for review at each meeting.

**The Recording Secretary:**

- Ensures that notices of meetings are sent out within the appropriate notice period;
- Ensures that there is a quorum at meetings. Note: Quorum is defined as the minimum number of members;
- Consults with the President on preparation of an agenda; and
- Takes minutes of meetings, distributes them to members, and files them once they are adopted.

**COMMITTEES**

All decisions are the responsibility of the Board of Directors. Committees will not have the power to spend money or to commit the Board of Directors of the Sponsor. Rather, their task is to make recommendations to the Board for their approval and action, as well as relieve staff by distributing the workload and increasing the productivity and efficiency of Directors. They also provide a variety of ways for Board members to become involved, matching as much as possible their individual skills and personalities to particular areas of interest.

Typical Committees are:

**Tenant Selection Committee**

This Committee implements the Board’s tenant selection policy, which covers the selection of tenants, monitoring of vacancies, status of rental arrears, and eviction procedures.

**Maintenance Committee**

This Committee, with the assistance of staff or contractors, is responsible for the upkeep and repair of the building(s). The Maintenance Committee co-ordinates such jobs as cleaning, painting, and inspections, and establishes emergency repair procedures.

**Finance Committee**

This Committee works with the Treasurer, the auditor, and the bookkeeper to ensure secure financial management. Its work includes preparing annual budgets and Financial Statements, monitoring budgets, and setting up policies and procedures that maintain effective financial management.

## **Nominating Committee**

The Board may appoint a Nominating Committee prior to the Annual General Meeting to publicize the upcoming election and to seek candidates and educate members in the duties and responsibilities of the Board. The Committee should try to ensure that there are more candidates than the number of Directors to be elected.

## **Tenant Committee**

The Board may appoint a Tenant Committee with a liaison that has access to Board meetings. This liaison will serve the purpose of keeping tenants informed of the workings and issues facing the Board, as well as speaking on behalf of the tenants and providing the Board with a tenant perspective on the issues they are facing.

## **MEETINGS**

### **1) REGULAR BOARD MEETINGS**

The Board is advised to meet monthly, normally on a day set at the previous meeting, or on a particular day of the month. The Board may also meet at other times. The President or Secretary may call a meeting of the Board at any time. At least three days' notice of a meeting should be given to all Directors.

### **2) THE ANNUAL GENERAL MEETING**

The Sponsor must hold an annual meeting of the members not more than 3 months after the end of the fiscal year of the organization. The agenda for each annual meeting includes:

- The approval of the audited Financial Statements;
- The appointment of an auditor. The Board of Directors of the Sponsor shall make a motion to recommend an auditor for the year ahead; and
- Will usually include the election of Directors and acceptance of annual reports from the Board, committees and staff.

## **BEFORE THE MEETING**

### **Purpose:**

Make sure that all those invited know why the meeting has been arranged.

### **Notice of Meeting:**

Notification of the meeting must meet the requirements of the By-laws and the specific needs of the participants. Ensure that all participants are notified of the meeting in advance and that they are provided with an agenda.

A NLHC staff person should be invited to attend and participate as a non-voting member. The NLHC staff person should act as an additional resource to the Sponsor.

**Facilities:**

The meeting space must be booked and should suit the specific purpose of the meeting.

**DURING THE MEETING**

**Structure:**

The agenda should be available to all participants. The layout of the meeting room should allow participants to see and hear what is going on. Any formal rules of order should be announced and followed. It may prove useful to discuss rules (formal or informal) in order to improve the way a meeting is run. Legal quorum requirements must be respected.

**Discussion:**

It is the responsibility of the Chair to:

- Prepare all agenda items previously submitted by board members; and
- Direct the meeting by listening, summarizing, and providing feedback to the group.

It is the responsibility of the committee members to:

- Be aware and informed about the agenda items;
- Respect the current speaker; and
- Listen carefully.

**Decisions:**

How decisions are made is also very important (i.e. is a decision to be made by vote, by consensus, or by unanimous agreement)

Note: A unanimous agreement occurs when **all** are in agreement. A consensus occurs when **a majority** are in agreement.

**Recording:**

To avoid any confusion in the future, all business conducted must be recorded. In advance of the meeting, decisions should be made on:

- What is to be recorded;
- Who is responsible for recording; and
- Who is responsible to action the motion.

**AFTER THE MEETING**

**Implementation:**

It must be clear, with each Board decision, which individual is responsible for the follow-up on an item or activity.

**Monitoring:**

A member of the Board, a committee or staff should check to see that action is taken.

**Reporting:**

The individual assigned responsibility for a particular activity should provide regular status reports back to the Board.

**BOARD OF DIRECTORS ELECTIONS****1) ELECTIONS**

At the meeting, any member may nominate other candidates, providing they meet the required qualifications.

**2) BALLOTING**

Those candidates receiving the greatest number of votes shall be declared elected. In the event of a tie, a second election must be held immediately for the tied candidates. The second election should be by ballot (private, in writing), or in accordance with the By-laws.

**3) ELIGIBLE VOTERS**

Those eligible to vote are specified in the organization's Constitution and By-laws.

**4) TERM OF OFFICE AND BOARD VACANCIES**

The following is recommended, however the Sponsor's own Constitution and By-laws will govern these areas:

The term of office for a Director should be two years. Sponsors should encourage Directors to serve a full term of office. Sponsors may also wish to give some thought to limiting the number of consecutive terms that may be served by a Director. The term of office for Directors ends at the beginning of the first regular Board meeting following the Annual General Meeting.

To maintain certain continuity, it is preferable to stagger the terms so that all Board members do not change at the same time.

When a vacancy exists on the Board, and a quorum of Directors is in office, these Directors may appoint a qualified person to fill the vacancy until the next annual meeting. The Director appointed by the Board can offer himself/herself for election at the next annual meeting to fill the vacancy for the remainder of the term. If no quorum of Directors remains in office, the remaining Directors must call a meeting of members to elect a sufficient number of Directors to fill any vacancies for the remainder of the original term.

## **RULES OF ORDER**

These rules of order allow each member to participate in decision-making at meetings. Decisions come about as follows: a proposal or motion is introduced or presented; a proposal or motion is made; the motion is discussed and possibly amended; and a decision is made by voting on the motion. This process is governed by the following rules of order (Boards may adopt more formal rules of order if they wish to do so):

### **1) MOTIONS**

Each item of business is introduced by the Chair or the member who asked that the item be on the agenda. Any member may request the meeting to accept a proposal by “moving” it as a motion. The motion must be supported by at least one other member who agrees to “second” the motion, and must have the support of the majority of those in attendance.

Motions should be submitted in written form if possible, to aid the Chair and the Secretary (This does not include Procedural Motions see page 17).

### **2) SPEAKING**

Once a motion is moved and seconded, it is debated by the members, which is regulated by the Chair. Speakers should speak for or against the proposal and the Chair may rule a speaker out of order if his or her comments are not relevant to the motion. Speakers may ask questions about the motion which will be answered by the Chair or, at the discretion of the Chair, by some other person in attendance.

All remarks should be addressed to the Chair and not any particular member at the meeting. Each speaker may speak for a maximum three minutes at a time unless the Chair agrees that the speaker requires more time. At the discretion of the Chair, no member may speak more than once on the same item until all members present who wish to speak have done so.

All people who wish to speak must raise their hand until acknowledged by the Chair. The Chair will keep a speakers list of all people who wish to speak and call on them to speak in order of their notification to be heard.

### **3) AMENDMENTS**

An amendment is referred to as a change or an addition to a legal or statutory document.

During debate on a main motion, amendments to the motion may be introduced. An amendment may delete part of the main motion, add to it, or change parts of it, but cannot be contrary to the intent of the motion. An amendment must be moved and seconded. If the mover and seconder of the main motion agree to the amendment, it immediately becomes part of the main motion as a “friendly” amendment.

If there is no agreement to make a friendly amendment, a vote must be taken on the amendment to decide if it will become part of the main motion. Once an amendment has been moved and seconded, all speakers must address the amendment rather than the main motion. The Chair will keep a separate speakers' list for the debate of the amendment. Rather than allow amendments to amendments, the Chair may entertain more than one amendment as long as that amendment changes the same part of the main motion.

When the meeting is ready to vote on the amendment(s), the Chair will review all the amendments and then take a vote on each. Those that pass are incorporated into the main motion and debate continues on the main motion as amended, using the main speakers' list, until the meeting is ready for the vote on the main motion or another amendment is proposed.

#### **4) WITHDRAWING MOTION**

The mover of a motion may withdraw the motion from the floor. This would be done if the mover had decided no decision should be made at this time, or to allow a substitute motion to be made.

#### **5) VOTING**

Once every member who wishes to speak has had a chance to speak, for or against a motion, the Chair will call for a vote.

Normally votes are taken by a show of hands, with the Chair asking for all those in favour and all those against. Motions are decided by simple majority unless otherwise required by the By-laws or these rules of order. The meeting may decide, by majority vote, to vote on any motion by secret ballot. The Chair of the meeting shall not vote unless the vote is by ballot or unless their vote would break a tie.

#### **6) PROCEDURAL MOTIONS**

##### **Calling the Question**

During the debate of a main motion or amendment, any speaker who has not yet spoken may use their turn to call for a vote on the motion or "call the question" instead of speaking. This is an attempt to end debate on a motion and vote without allowing any more discussion.

Because a motion to "call the question" may take away some members' right to speak, it should be used carefully. Before proposing to "call the question", there should be some indication that most members have made up their mind, and that speakers are not contributing any new arguments.

A motion to "call the question" requires a seconder and may not be debated. In order to be carried, the motion to "call the question" requires a two thirds majority. If the motion is defeated, debate on the motion or amendment continues. If the motion to "call the question" is carried, then the meeting is ready to vote on the main motion or amendment on the floor. The Chair should take the vote with no further debate.

## **Deferring/Referring the Motion**

During the debate on a main motion or an amendment, any speaker, in their turn, can move to defer the question to a subsequent meeting. This is an attempt to postpone a decision on the proposal being considered until a future date or until after a specific action or decision has happened.

A speaker may also move to “refer the question” to the Board or a Committee for further study and recommendations. A motion to “defer/refer the question” must be seconded. The mover or, if the mover declines, one other member may speak in favour of deferring/referring the proposal and one member may speak against deferring/referring. A vote on the motion is then taken.

If it carries, the proposal is deferred/referred as per the motion. If it is defeated, debate continues on the main motion or amendment.

## **Dilatory Motions**

Dilatory motions are defined as those tactics used to delay or obstruct business, annoy the members, or to delay consideration of a subject.

The Chair may therefore rule a motion out of order on the grounds that it is absurd, frivolous, obstructive, or considered a delaying tactic.

## **7) INTERRUPTIONS**

Members may only speak out of turn if they wish to raise a point of order or a point of information. To raise such a point, a member stands and, with as much courtesy as possible, interrupts the current speaker and announces that they wish to raise a point of order or information. The Chair may accept or reject such an interruption at his or her discretion. If the Chair acknowledges the member, the point should be stated simply and briefly and the member should sit down.

A point of order should be raised when a member feels that an incorrect procedure is being followed, there is a better procedure, the Chair has made an incorrect ruling or there is a lack of quorum. Once the point of order has been stated, the Chair will rule on its validity and, if appropriate, act on it.

A point of information should be raised when a member feels they have an important piece of information relating to the item under consideration which may save needless debate if it is raised immediately instead of at the member’s turn to speak.

## **ANNUAL CALENDAR**

### **Important Dates/Responsibilities to be aware of:**

- Lease renewals for Tenants are to occur annually or upon a change in tenancy. For seniors on fixed income and households in receipt of Department of Advanced Education and Skills (DAES) income, lease renewals are to take place every three (3) years;
- Sponsors are to complete an inspection of all components of the entire project once a year (or sooner if considered necessary);
- Sponsors are requested to submit Board approved Audited Financial Statements to NLHC, no later than four (4) months after the fiscal year end (fiscal year end March 31<sup>st</sup>- July 31<sup>st</sup>; Fiscal year end December 31<sup>st</sup> – requested by April 30<sup>th</sup>), for review and approval;
- Quarterly Operating Cash Flow Statements must be submitted on or before the 20th. day of the month following each quarter (June 30<sup>th</sup>, September 30<sup>th</sup>, December 31<sup>st</sup> and March 31<sup>st</sup>);
- Deadline for submission of Client Data Forms to NLHC is July 31<sup>st</sup>.

### Quarterly Submission dates:

- 1st Quarter (July 20<sup>th</sup>).
- 2nd Quarter (October 20<sup>th</sup>).
- 3rd Quarter (January 20<sup>th</sup>).
- 4th Quarter (April 20<sup>th</sup>).

## **OPERATIONAL ACTIVITIES BY MONTH**

### **NOTE:**

This example would apply to PMH Sponsors with a March 31<sup>st</sup> Year End, and does not include regular monthly meetings of the Board of Directors. For the Annual Calendar relating to Maintenance, see Section 7.

<b>Month</b>	<b>Activity</b>	<b>Completed</b>
<b>APRIL</b>	<ul style="list-style-type: none"> <li>• Prepare and Submit quarterly cash flow statement to HO – 4<sup>th</sup> Quarter (Due April 20<sup>th</sup>).</li> <li>• Contact bookkeeper and auditor to co-ordinate audit.</li> <li>• Appoint Nominating Committee to recruit potential Board Directors for Annual General Meeting.</li> <li>• Revise Tenant Profiles on the Client Data Forms (Due July 31<sup>st</sup>).</li> <li>• Receive and approve budget from Housing.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

<b>MAY</b>	<ul style="list-style-type: none"> <li>• Prepare reports for Annual General Meeting.</li> <li>• Continue Revisions (input new data) to Tenant Profiles on the Client Data Forms (Due July 31<sup>st</sup>).</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>JUNE</b>	<ul style="list-style-type: none"> <li>• Hold Annual General Meeting: <ul style="list-style-type: none"> <li>○ Board and Committee Reports;</li> <li>○ Auditor's Report and Audited Financial Statements (Requested by July 31<sup>st</sup>)</li> </ul> </li> <li>• Appointment of Auditor for new fiscal year;</li> <li>• Election of Officers.</li> <li>• Continue Revisions (input new data) to Tenant Profiles on the Client Data Forms (Due July 31<sup>st</sup>).</li> <li>• Approve/Submit Audited Financial Statements.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>JULY</b>	<ul style="list-style-type: none"> <li>• Prepare and Submit quarterly cash flow statement to HO– 1<sup>st</sup> Quarter (Due July 20<sup>th</sup>).</li> <li>• Forward two copies of the Audited Financial Statement to NLHC (Deadline July 31<sup>st</sup>).</li> <li>• Submit Completed Client Data Forms to HO (Due July 31<sup>st</sup>).</li> <li>• Appoint Committee for preparation of budget considerations, and review Budget submitted by Housing.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>AUGUST</b>	<ul style="list-style-type: none"> <li>• Progress report on budget preparation.</li> </ul>	<input type="checkbox"/>
<b>SEPTEMBER</b>	<ul style="list-style-type: none"> <li>• Prepare and review budget notes to compare against Budget to be submitted by NLHC.</li> <li>• Deadline for submission of Audited Financial Statements (Due September 30<sup>th</sup>).</li> <li>• Annual Planning Meeting for Board/ Committees.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
<b>OCTOBER</b>	<ul style="list-style-type: none"> <li>• Prepare and Submit quarterly cash flow statement – 2<sup>nd</sup> Quarter (Due October 20<sup>th</sup>).</li> <li>• Attend NLHC Sponsored Bi-Annual Conference for Sponsors.</li> <li>• Submit comments to NLHC on Budget.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>NOVEMBER</b>	<ul style="list-style-type: none"> <li>• Forward budget to HO for review (deadline is December 1<sup>st</sup>).</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
<b>DECEMBER</b>	<ul style="list-style-type: none"> <li>• Circulate memo on fire safety.</li> <li>• Host social event for the volunteers and tenants.</li> <li>• Review and provide budget to NLHC.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>JANUARY</b>	<ul style="list-style-type: none"> <li>• Prepare and Submit quarterly cash flow statement – 3<sup>rd</sup> Quarter (Due January 20<sup>th</sup>).</li> <li>• Evaluate status of snow clearing (i.e. cost vs. budget).</li> <li>• Send notices of income reviews to relevant tenants.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

<b>FEBRUARY</b>	<ul style="list-style-type: none"> <li>• Prepare for new year's activities.</li> <li>• Carry out income reviews.</li> <li>• Review all applicable lease agreements with tenants.</li> <li>• Keep track of Board training requirements, sessions attended and attendees.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>MARCH</b>	<ul style="list-style-type: none"> <li>• Review budget remarks for new year's budget.</li> </ul>	<input type="checkbox"/>

## **HANDLING COMPLAINTS AND PROBLEMS**

### **INTRODUCTION**

A member of the PMH Sponsor should be designated to handle complaints and tenant grievances.

Volunteers and/or staff should be prepared to react to tenant complaints swiftly **to avoid** undesirable situations from getting worse.

Every complaint should be written down; follow-up actions should also be noted and a record kept on file. These records may be useful for future decisions.

### **RECEIVING COMPLAINTS**

Complaints from tenants generally fall into three categories:

- 1) Complaints about others;
- 2) Complaints about the unit; and
- 3) Complaints about the property.

When a complaint is made, obtain all necessary details and summarize the complaint so the tenant knows that you understand the problem.

It is a good practice to get all complaints in writing.

### **HANDLING COMPLAINTS**

Some complaints are outside the jurisdiction of your organization (i.e. domestic disputes, family violence, vandalism, etc.). When the incident threatens health or property, the proper authority should be notified immediately.

When a complaint is filed about a non-emergency situation pertaining to others, phone or visit the offending tenant but do not identify the tenant who filed it. Many problems can be calmly and rationally resolved once they are acknowledged.

If the offending tenant's practices continue, he/she must be contacted again, in person. Suggest that if the behaviour continues, your organization will be forced to take more serious action.

However, it also puts you in a position where you will be forced to follow through with your ultimatum if the tenant refuses to co-operate, so be prepared to do so.

Complaints about the unit or property should be handled as quickly as possible. Don't delay in taking care of routine complaints: the tenant's dissatisfaction will only increase the longer it is put off.

## **MEDIATION**

A mediator assists people involved in a conflict to come to an agreement. Frequently, complaints will be received regarding situations in which there is no clear party "in the wrong". The determining factor, in deciding whether to become involved or not (to mediate the situation), should strictly be the answer to the question: "is this situation affecting, or likely to affect, other residents and/or a PMH Sponsor member?"

The process involved in "no fault disputes" should be one of mediation rather than one of judgment. Both parties may be lobbying you to pick sides, in which case you should then strive to rephrase the problem in such a way that both parties win. For example, you may listen sympathetically to each side and then state: "we would like to help you resolve your differences if you are willing to get together and discuss them. But if you are not willing to compromise, one or both of you will have to leave."

If one of the parties involved is willing to accept an internal move, the problem may be solved. If the tenants agree to a mediation of "no fault hearing" process, the following points should be noted:

- The mediator should make an opening statement clarifying the process and the rules;
- Concentrate on the issues, not the personalities (i.e. no name calling);
- Each party should have uninterrupted time to state their case;
- The mediator may interrupt from time to time to clarify or to return to the issue;
- When it appears that a solution acceptable to both parties has been found, you may wish to summarize the agreement in writing and give a copy to all parties involved; and
- A follow-up with each party in a few weeks to ensure that both sides are living up to the agreement is advisable, but is not required.

# ADMINISTRATION

## **CORPORATE AND PERSONAL LIABILITY**

As an operating company within Newfoundland and Labrador, a Sponsor must be aware of the legislation that affects and limits it. The Sponsor is required to observe and comply with any legislation that relates to the operation of a housing group in the province, as are any contractors or employees working for the Sponsor. Furthermore, the Sponsor must observe general legislation that affects corporations and individuals in all industries.

Some of the legislation to be aware of includes:

- The Federal and Provincial Privacy Acts;
- Residential Tenancies Act, 2000;
- Occupational Health and Safety;
- The Workplace, Health, and Safety and Compensation Act;
- Environmental Acts;
- The Human Rights Act;
- The Provincial Corporation's Act;
- The Federal Income Tax Act;
- The Provincial Labour Standards Act; and
- Common Law Obligations.

While this manual cannot go into great depth regarding individual legislation, a brief explanation of certain acts can clarify the reasons for becoming aware of them.

Members of a Sponsor Board may be personally liable in the case of any breach of some provincial or federal legislation. It is thus very important for the Board members to be aware of these legislations.

## **PRIVACY**

Privacy acts exist in both a federal and a provincial form. The purpose of the Privacy Act is generally to protect an individual's privacy, as well as to give individuals the right to access personal information about themselves.

PMH Sponsors are subject to the legislation of the federal Privacy Act (<http://www.statcan.gc.ca/about-apercu/law-acte-eng.htm>), and should make themselves aware of what this entails. It is especially important for the Sponsors to understand section 6 (retention of personal information used for an administrative purpose), section 7 (use of personal

information), section 8 (disclosure of personal information), and section 12 (right of access to personal information).

NLHC is subject to the legislation of the Newfoundland and Labrador Privacy Act (<http://www.assembly.nl.ca/Legislation/sr/statutes/p22.htm>). While the Sponsors are not subject to this act directly, it is important for them to be aware of both the federal and provincial privacy acts. The reason for this is that occasionally NLHC will request information from the Sponsors to fulfill their obligations under the provincial Act. In these cases the Sponsors are indirectly affected by the provincial Act.

## **OCCUPATIONAL HEALTH AND SAFETY**

The Newfoundland and Labrador Occupational Health and Safety Act (<http://www.assemblynl.ca/legislation/sr/statutes/o03.htm>) is designed so that “employers shall ensure where it is reasonably practicable, the health, safety and welfare of his or her workers.”

It is particularly important for Sponsors to be aware of sections 5 (specific duties of employers) and section 7 (specific duties of workers). Information regarding OHS practices is available online in more standard (and less legal) language, such as in the pdfs at <http://www.gs.gov.nl.ca/ohs/guide/index.html>.

Sponsors should have a thorough understanding of all aspects of OHS Acts, not only to avoid damaging liability but also to ensure the safety and well being of every employee or contractor they hire.

In the unfortunate event of an employee sustaining an injury on the job, the PMH Sponsor should be aware of the Workplace, Health, Safety and Compensation Act (<http://www.assembly.nl.ca/legislation/sr/statutes/w11.htm>), which regulates how the company must deal with the employee and the issue that lead to his or her injury.

## **THE ENVIRONMENT**

There are two (2) major laws in Canada designed to protect the environment, the Canadian Environmental Protection Act (<http://laws.justice.gc.ca/en/C-15.31/>) and the Canadian Environmental Assessment Act (<http://laws.justice.gc.ca/en/C-15.2/>).

The Protection Act is meant to do exactly what it says, while the Assessment Act sets forward the regulations for the government performing assessments of building projects and their effect on sections of land and the environment.

Both of these acts are of great importance not only to PMH Sponsors, but to all Canadian companies and individuals. Sponsors should pay close attention to section 217 (enforcement), and should also ensure that they consider all environmental implications when beginning a project or operating a unit. Furthermore, it is important that Sponsors abide by laws concerning environmental assessments when beginning a new project.

## **HUMAN RIGHTS**

As a corporation dealing with a great number of individuals (tenants, workers, and contractors) the Sponsor must ensure that the human rights of each individual is properly protected and recognized. The Sponsor should become familiar with this Act and ensure they do not discriminate on the basis of “race, colour, nationality, ethnic origin, social origin, religious creed, religion, age, disability, disfigurement, sex, sexual orientation, gender identity, gender expression, marital status, family status, source of income and political opinion.”

## **INCORPORATION**

As PMH Sponsors are required to be incorporated entities, they are liable under the Newfoundland and Labrador Corporations Act (<http://www.assembly.nl.ca/legislation/sr/annualstatutes/2007/t09-1.c07.htm>). This Act stipulates how a corporation should be formed, as well as stipulating that Directors must act honestly and exercise care and diligence (section 203).

It is important for PMH Sponsor groups to be aware of this act, as according to section 4 “A corporation carrying on business within the province contrary to this Act is guilty of an offence and liable on summary conviction to a fine of \$2000.”

## **INCOME TAX**

The Canadian Income Tax Act (<http://laws.justice.gc.ca/en/I-3.3/>) stipulates all laws that individuals or companies paying taxes in Canada must abide. All corporations must be familiar with this Act. Directors are responsible for any unremitted taxes.

## **LABOUR STANDARDS**

The Newfoundland and Labrador Labour Standards Act (<http://www.assembly.nl.ca/legislation/sr/statutes/102.htm>) stipulates the minimum standards of conditions of employment for all workers in the province. PMH Sponsors may hire various employees, it is necessary that the Sponsor complies with labour standards.

## **COMMON LAW**

Common Law obligations are not set forward as legislation by any government (federal or provincial), but are legally binding and must be observed. Two common law obligations that are particularly important for the PMH Sponsor to be aware of are:

### **Fiduciary Duty**

- Also known as the “Duty of Trust”, Fiduciary Duty is applicable in any relationship where one party exercises power or discretion over another (i.e. the Sponsor over tenants).

- Relationship requires parties to act with honesty and in the best interest of the beneficiary (the tenant) at all times.

### **Duty of Care/Duty of Due Diligence**

Duty of care is a legal obligation imposed on all individuals and corporations to act with care when performing an action that could possibly harm others. Ignoring this law can lead to negligence.

## **HUMAN RESOURCES POLICIES**

An important part of the Sponsor's responsibilities is developing appropriate policies for the organization. Human resources policies may be formal documents, or may take the form of an employment contract. Provincial legislation requirements should be considered when policies are being developed.

Human Resources, simply put, involves the recruitment, management, and direction given to people that work for an organization.

The objectives of human resources policies are:

- To ensure human resources practices are in place and are clearly understood by management and employees;
- To eliminate the need for personal decisions;
- To ensure uniformity and consistency; and
- To provide a working guide for management and staff.

A successful organization is one that makes every effort to attract and keep qualified and motivated employees. A human resources policy that provides as many rewards and benefits as it can afford is far more likely to promote dedication and commitment in the staff.

The following examples of the type of issues to be covered in a comprehensive human resources policy may be useful for a Sponsor when developing a policy document.

### **STANDARDS OF CONDUCT**

All Sponsors of PMH projects should have in place Standards of Conduct (or a Code of Ethics). These Standards set out the expectations that the Sponsor has of its employees and Board members as to how they serve the objectives of the Sponsor, and how they perform their jobs. Some Sponsors post their Standards of Conduct prominently in the office to remind employees and Board members of what is expected of them.

## **BENEFITS**

Whatever final decisions are made, the Sponsor must ensure that policies are:

- Reasonable and feasible in terms of their application;
- Similar to policies that have been adopted by other related organizations;
- Written down as official policies, and clearly understood by all employees;
- Fairly and equitably applied at all times; and
- In accordance with provincial and federal legislation.

## **GENERAL CONTROLS**

### **1) CONFIDENTIALITY**

All business, including correspondence, conversations, information concerning policies, orders placed, prices, tenant monies and rents, tenant's personal information (e.g. date of birth, address, etc.), and operational statistics, must be treated as confidential, and is not to be divulged.

Only designated employees/volunteers approved by the Board shall have access to keys to the premises, files, and records.

### **2) MAIL**

Letters relating to policy matters, complaints, all negotiations, press releases, top-level inquiries, inquiries and approvals for projects, correspondence with executive management levels will be under the signature of the Chairman of the Board of Directors.

Letters relating to routine inquiries, accounts receivable, accounts payable, personnel matters pertaining to the day-to-day operation of the office, will be under the signature of the Housing Manager/volunteer.

The Directors, as representatives of the Sponsor, should be aware of the content of all incoming mail and are accountable for the content of all outgoing mail.

### **3) SIGNING AUTHORITIES**

Financial control is an important aspect in any business. There should be a minimum of **three** signing authorities for the group, usually the Housing Manager and two members of the Board. Designation of signing officers must be approved by the Board and duly recorded. All cheques require a minimum of two signatures. The recipient of the cheque must never sign it on behalf of the Sponsor.

#### **4) BONDING**

Any employees handling funds and those with cheque signing authority should be bonded. The following clause should be included in the By-laws:

The Board of Directors shall require pertinent officers, or agents of the organization to be covered under fidelity bonding to ensure faithful performance of their duties. Fidelity bonding is a form of insurance protection that covers policy holders for losses that they can incur as a result of fraudulent acts by specified individuals.

### **CONFLICT OF INTEREST AND FRAUD**

Conflict of interest situations and cases of fraud are as common in a non-profit organization as in any other business. However, Sponsors can take steps to help prevent such situations from arising and to lessen opportunities for employees to commit fraud.

#### **1) CONFLICT OF INTEREST**

A conflict of interest can occur when one or more of an individual's interests (whether it be his/her job, Committee, family business) come in conflict, and put the individual at risk of committing an ethical breach of conduct for profit or benefit.

#### **The Operating Agreement states:**

The Sponsor must ensure that in absolutely all financial transactions, no one (including Board members, management officers, staff members, or family members of any of these people) will derive any direct or indirect financial benefit. Furthermore, these same people cannot obtain special benefits by being in a position of authority.

Where situations arise in which there could be a possible conflict of interest, the involved person shall declare such conflict in writing and not participate in any discussion or decisions affecting this transaction.

All staff must be prepared, on recognizing a potential conflict of interest situation, to explain the matter to their superior and/or the Board of Directors, and to take the necessary steps to remove themselves from the situation.

The following is a common example of a possible conflict of interest, and how to deal with it.

A member of the Board of Directors operates a plumbing and heating business. He learns at the monthly Board of Directors meeting that the Housing Manager plans to invite bids on plumbing repairs needed in the project housing units. He hears the Housing Manager say, "the repairs should cost the project approximately \$2,700."

The Director faces a conflict of interest situation: he would like his company to make a bid on the repairs, but he has advance knowledge on the amount of money that the project is expecting

to pay for the work. If his company bids, and is awarded the contract, his competitors could, justifiably, suggest that he won the contract because he had “inside information.”

At this point, the Director’s only option is to refrain from bidding on the contract, as he could not avoid being perceived as having used his inside information. However, he could have avoided the situation earlier by:

- Reviewing the agenda in advance of the meeting and noting that the plumbing repairs were to be discussed;
- Explaining to the Chairperson of the Board that he could be putting himself in a conflict of interest situation by participating in the discussion on plumbing repairs (because of the nature of his company); and
- Excusing himself from the meeting for that portion of the discussion dealing with plumbing repairs.

## **2) FRAUD**

Fraud is the intent to deceive, involving either a misappropriation of assets, or misrepresentation of financial or other relevant information. Fraud can include embezzlement, kickbacks, lapping (theft of rental receipts), fictitious expenses, and outright theft. All of these acts can cause serious problems for a Sponsor in terms of cash shortages, court action, legal fees, and loss of reputation.

Regardless of how honest an employee appears, there are times when the temptation to commit an act of fraud may be too great to resist, particularly if the individual believes that he or she cannot be discovered. Clear and tight controls are important steps to avoid fraud. They make it as difficult as possible for an individual, or a group of individuals, to commit a fraudulent act without being discovered. “Controls” are more than policies written down on paper. The policies must be effective and they must be followed on a daily basis. Controls must apply to all employees and volunteers including the Chairperson of the Board of Directors.

Certain areas, that may prevent opportunities for fraud, are highlighted below.

- All employees handling cash or cheques should be bonded or covered by fidelity insurance.
- Employees permitted to claim travel, accommodation or meal expenses should provide receipts or supporting invoices; these must be verified.
- Cheques must be signed by two individuals. Under no circumstances should an individual be able to make out and sign a cheque to him/her. A cheque should never be pre-signed.
- Cheques must always be pre-numbered consecutively and posted to the appropriate journal on a regular (preferably daily) basis. Avoid having several different chequebooks in use at once. Blank cheques should be securely locked away at all times.

- A credit card should not be issued in the name of the Sponsor to be used by employees “on behalf of” the Sponsor. Any suppliers accepting a credit account must know who is and who is not authorized to make charges to the account on behalf of the Sponsor.
- All records and files must be orderly, up-to-date and secured in a locking file cabinet. All project valuables (from petty-cash boxes to power tools) should be locked away.
- Tenants should be encouraged to pay their rent by post-dated cheques or pre-authorized payments, and as far as possible, all project transactions should be made by cheque. Cash is more of a temptation than a cheque. Each day's receipts should be deposited in the bank at the end of each day subject to availability of Banking Services.
- Wherever possible, a competitive bid process should be followed for equipment purchases or services, even when a relatively minor amount is involved. Refer to section on Tendering Guidelines for more detail (page 50).
- Purchase orders or some other approval process should always be used for buying equipment or services. The approved ordering process must be authorized by the appropriate individual, and the Board of Directors (or the person who has been delegated the authority by the Board of Directors) before the purchase is made.
- Take action at the first signs of “power struggles,” bickering, or hostility among project employees; do not allow the situation to intensify.
- Do not ignore suspicious behaviour: an employee who avoids giving a straight answer or who is often absent may be trying to hide fraudulent activity. An employee (e.g. a bookkeeper) who jealously guards his or her work and will not allow others to see it should also be watched closely.
- Repeated complaints about a particular employee should be investigated, particularly if there is other evidence to arouse suspicion.
- A policy should be drawn up that prohibits any employee from accepting gifts or tips from suppliers.
- Each employee/volunteer must have a clear understanding of reporting relationships – his or her own and those of other staff members.

Not only is it important to minimize opportunities that invite fraud, but it also important to take action when fraud is suspected or discovered. An employee who believes his or her offence has gone unnoticed, or an employee who has been given only a reprimand for a minor offence, is likely to continue defrauding the organization.

Any acts of fraud should be dealt with immediately. Since employees allowed by the Sponsor to make restitution (i.e. repay stolen funds or an amount equal to the value of stolen goods) often repeat their crimes, dismissal is advised. Such cases should also be reported to NLHC and to the appropriate legal authorities. Operational controls should be reviewed to determine how similar opportunities for fraud can be avoided in the future.

## **RECRUITMENT/HIRING**

PMH Sponsors often carry out all project operating functions through volunteers and part time paid help. In several of the larger projects, however, regular full time staff is required.

It is critical that staff either have the required qualifications upon application or that they can be trained within a reasonable time and without interrupting the everyday operation of the housing group.

Vacancies should always be filled by the most suitable candidate. When a promotion from inside the organization is not feasible, outside candidates should be hired in accordance with the following policies:

- All job openings must be posted and advertised (i.e., local paper, radio, television) for a specific period of time, except when otherwise authorized by the Board of Directors;
- In most projects, the Board should appoint a Hiring Committee made up of the Housing Manager and two other individuals. In smaller projects, the selection of candidates, the interview and the hiring process may be handled by the Housing Manager and an assistant alone. In either case, the Board makes the final decision on who is hired;
- All applicants must be screened and interviewed by the Hiring Committee;
- All Hiring Committee members should be present at all interviews.
- All applications submitted are considered confidential;
- If any Committee member has a close association with any applicant (i.e. is a member of the same household, or a close friend), that Committee member should declare a conflict of interest and refrain from taking part in the hiring process.

## **SAMPLE HIRING POLICY**

### **1) AUTHORITY TO HIRE**

- The Committee recommends the staffing of all new positions.
- For new permanent and temporary positions, the Committee makes recommendations to the Board regarding the job title, job description, and salary.
- The Committee carries out the hiring for all new or existing positions.
- The Committee recommends the choice of candidate; this recommendation must then be approved by the Board of Directors.

### **3) THE HIRING COMMITTEE**

The Hiring Committee's function is:

- To advertise a position and make copies of the job description available;

- To accept applications;
- To establish selection criteria and interview guidelines;
- To review all applications and select candidates for interview;
- To check the references of applicants under consideration;
- To set up and conduct interviews;
- To make a recommendation regarding the choice of applicant and salary to the Board;
- To negotiate salary and terms of employment with the successful applicant as necessary (must be approved by NLHC for budget purposes); and
- To notify all candidates of the Board of Directors' final decision.

#### **4) ADVERTISING OF POSITIONS**

All advertisements for positions must include the job title; a summary of duties; the salary range; details of how to apply for the position; the name and telephone number of a contact for further information; and the deadline for applications. Advertisements should be made in the community through whatever means available (i.e. newspaper, radio, television, internet, "Career Beacon").

#### **5) ELIGIBILITY OF MEMBERS AND DIRECTORS**

In general, members may apply for positions that become available. They will be given an opportunity equal to that of outside applicants in the hiring process.

Directors who apply for positions will be treated in the same way as any other applicants. They may not participate in any part of the selection process. If selected, they must resign from the Board of Directors.

#### **6) HIRING LOG**

For each hiring, a log should be maintained. The information should include:

- The names and positions of individuals on the Hiring Committee;
- The names of all applicants;
- The names of all applicants interviewed, with date of interview and interview report; and
- The decision of the Committee, supported by the rationale for its decision.

The log should be signed by all Committee members.

## **JOB DESCRIPTIONS**

### **1) THEIR PURPOSE**

For each position, a clearly defined job description should be created. The tasks of one employee should not overlap those of another employee. The employee should be required to sign the job description along with the employer's representative to show that each is aware of and agrees to its terms. In this way, the description is more like a contract, and can be as useful for the employee's protection as it is for the employer's.

A complete job description must include:

- The title of the position;
- The individual to whom the employee is directly responsible (preferably only one person);
- A complete description of the work expected;
- The necessity for bonding (if appropriate); and
- The prerequisite skills.

## **INTERNAL CONTROL**

### **OBJECTIVES**

Internal control is essential if the Sponsor is to maintain an orderly and efficient housing operation. The following objectives must be kept in mind:

- **Reliable accounting records:** The Sponsor needs accurate accounting records to manage the housing operation and to prepare Financial Statements.
- **Safeguarding of assets:** The Sponsor's assets, such as supplies and inventory, Sponsor records, etc., must be kept secure. Proper controls will help prevent loss, theft, misuse or accidental destruction.
- **Establishment of appropriate policies and procedures:** The Board of Directors must be made aware, through staff reports, of which policies are being implemented and of new policies that are necessary.
- **Prevention and detection of fraud and error:** The Sponsor's credibility could depend on this objective; it is an important aspect of internal control.
- **Timely financial information:** The Sponsor's financial situation must be reported regularly. Outdated information is of no use to the Board of Directors.
- **Accountability:** internal control allows the Sponsor to establish and maintain accountability to its members, its tenants, NLHC and other government agencies.

## **ELEMENTS OF INTERNAL CONTROL**

The following elements of internal control could help the Sponsor to maintain records and safeguard assets.

### **1) COMPETENT PERSONNEL AND CLEAR RESPONSIBILITIES**

Competent and honest employees reduce the likelihood of error and fraud. Job descriptions must be specific and clearly written if employees are to perform well.

### **2) SEGREGATION OF DUTIES**

The responsibilities of one employee should not duplicate those of another; neither should any one employee be given too many (or conflicting) responsibilities. Four general guidelines on segregation of duties should be considered:

#### **Separation of Assets from Accounting**

To avoid the opportunity for fraud, the employee controlling assets should not also be in charge of accounting for assets. For example, an employee who is receiving cash for rent, and maintaining the cash record and the tenant rent receivable ledger, could very easily commit fraud. They can do so, by keeping the cash and adjusting the records to eliminate any trace of the transaction.

#### **Separation of Authorization of Transactions from Assets**

The employee authorizing transactions should not have control over the assets connected with the transactions. For example, the employee authorizing payment of hardware supplies should not have the authority to sign the cheque paying for these supplies.

#### **Separation of Accounting Duties**

Small PMH sponsors will not have an accounting clerk. However, where possible, one employee or volunteer should be responsible for recording a transaction, and another should oversee its final posting in the general ledger.

Cross-checking by different employees helps to prevent error and fraud.

#### **Separation of Operational Responsibility from Record-Keeping**

Where possible, one staff member or volunteer should be responsible for the hands-on housing operation, and another should be in charge of cash and bookkeeping.

### **3) PROPER PROCEDURES FOR AUTHORIZATION**

The Sponsor should set out policies dealing with the authorization of all transactions, including, for example, the names of individuals able to authorize expenditures of various price ranges (i.e. expenditures below \$500, below \$1000, etc.). These policies may also detail the types of expenditure that can be authorized by staff members and those that require the approval of the Board of Directors.

### **4) ADEQUATE DOCUMENTS AND RECORDS**

The Sponsor should:

- Pre-number cheques and invoices consecutively so that documents can be located quickly and easily;
- Prepare documents and records when a transaction takes place or soon after. A delay may increase the chance of an error;
- Use a simple design for documents, and make the system of record-keeping or filing an easy one; and
- Design forms to ease the routing system from preparation to authorization; make sure the form has the necessary signature spaces.

### **5) CONTROL OF GOODS**

Assets and records must be stored appropriately. For example, locked storerooms can be used for supplies and other inventory, and fireproof safes or Bank Safety Deposit Boxes can be used to protect important documents.

### **6) INTERNAL VERIFICATION**

The Sponsor should frequently review the internal control elements discussed above. The controls in place should be evaluated for efficiency and improved as necessary.

### **7) OTHER CONTROL CONSIDERATIONS**

The following procedures also contribute to an efficient internal control system:

- Prepare budgets frequently for review by the Board of Directors;
- Prepare a monthly revenue and expense statement for review by the Board of Directors;
- Prepare a monthly report on rental arrears and vacancies;
- Bond all employees handling cash and signing cheques (Refer to Bonding on page 25);
- Instigate a mandatory vacation leave policy so that a different employee can take on the duties of the employee on vacation;

- Set out clear conflict of interest guidelines for employees; and
- Retain records in accordance with provincial and federal law.

## **SPECIFIC RECORDS AND FILES**

The Operating Agreement states that the Sponsor must maintain satisfactory records and that NLHC must have access to inspect them. The Agreement also specifies that the Sponsor must ensure efficient management of the project. By keeping accurate records, the Sponsor will know the status of the project at all times.

This section describes the files and records that should be maintained to promote easier and more efficient project management. It should be noted that many records and forms are used electronically, and can also be edited electronically. This allows NLHC to help the Sponsors quickly and efficiently.

For example, if it is easy to track the repair history of a unit's refrigerator, the Sponsor can judge whether the current tenant is justified in a complaint about the appliance. This may avoid aggravation for both parties.

Such records also make budgeting simpler and the audit process less costly.

### **1) TENANT FILES**

Client data is to be collected for all units. Tenant rent charges must be recorded and reported as of March 31<sup>st</sup> to correspond with the end of the fiscal year.

Tenant files should include the following records:

- A signed tenant Application for Housing form.
- An Income Verification form (Option C from CRA).
- Client Data sheet (provided by HO) updated annually, or more often if necessary. Changes in the family composition (e.g. the birth of a child) must be recorded. Loss of employment or any change in income should also be noted.
- Income verification from the previous and current periods should be on file for comparative purposes.
- A signed rental Tenancy Agreement (Lease) properly completed. This must be updated annually (every three (3) years for those on fixed income, e.g. income support, pension), either by signing a new agreement or by a letter, countersigned by the tenant, indicating changes in rent.

## 2) HOUSE FILES

- A record of the serial numbers of the major appliances in the unit, such as refrigerator, stove, hot-water tank, clothes washer, clothes dryer, boiler/furnace, together with guarantees.
- A subdivision or lot plan and a building plan for the unit, as applicable.
- A copy of the electrical certificate, septic tank approval form, inspection reports both during and after construction, home warranty certificate (as applicable) and any other relevant documents.

The individual in charge of the construction phase should hand over the last two items to the Housing Manager for safekeeping.

## 3) MAINTENANCE FILES

A maintenance file, kept for each housing unit and each building should include:

- A Maintenance History record (See Appendix “C”) showing:
  - Date of the work carried out;
  - Purchase order number or invoice number;
  - Name of contractor;
  - Description of work;
  - Costs (parts, labour and tax);
  - Other pertinent information as required by the Sponsor.
- A Move In/Move Out Inspection Report, recording the status of the unit each time a tenant moves in or out (See Appendix “C”). This must be signed by both the tenant and the Housing Manager.
- A Project inspection report, summarizing the Sponsor’s annual housing inspection, should also be kept on file.
- A Record of Appliance and/or Equipment (See Appendix “C”). Each appliance should have a record showing:
  - Make and description;
  - Serial number;
  - Cost of purchase;
  - Date purchased;
  - Supplier;
  - Warranty expiry date;
  - Repair service history;

- Location of appliance; and
- Other pertinent information as required by the Sponsor.

#### **4) TENANT RENTAL PAYMENT RECORD**

This is a record of the rent received for the unit (See Appendix “C”). The record should show:

- Name of tenant;
- Address or housing unit number;
- Telephone number;
- Rental rate; and
- Email address

The heading for this record should be:

- Date;
- Receipt number;
- Month of period;
- Rent charged;
- Rent paid;
- Rent owing or unpaid; and
- Comments.

Other pertinent information may also be incorporated as required.

#### **5) GENERAL RECORDS**

General files should include:

- Operating Agreement;
- Yearly Audited Financial Statements;
- Purchase Order Control System;
- Key Control Policy;
- Cash Management Controls;
- GST claims and rebates; (Refer to Preparing the Budget for further discussion on page 63)
- Hydro and utility expenses;

- Janitorial expenses and copies of out-of-pocket reimbursement claims;
- Municipal Tax/Assessment notices and claims;
- Board Minutes;
- Minutes of Tenant Selection Committee Meetings; and
- Minutes of meetings of other sub-Committees of the Board.

Each of these records should be kept in separate file folders in a locked file cabinet. All records, documents, invoices, and correspondence should be filed daily in the appropriate file folder. Records containing personal/private information must never be left unattended unless safely placed in a locked file cabinet.

## **PURCHASING AND INVENTORY CONTROL**

### **PURCHASE ORDER SYSTEM**

A purchase order (P.O.) should include the following information:

- Name, address, phone number of the organization;
- Date of order;
- Detailed description of materials ordered or work to be done;
- Quantity requested;
- Unit price and total price;
- Expected date of delivery;
- Terms of payment;
- Signature of purchasing agent; and
- The e-mail address of the vendor.

The Sponsor Group may wish to establish accounts with a number of local suppliers. These firms should receive written instructions regarding the purchase order system of the project, including:

- Request that the P.O. number and unit number appear on all invoices and packing slips;
- Names and sample signatures of purchasing agents with details regarding spending limits per purchase;
- As a substitute for a P.O. sponsors with few units may use a cheque number;
- Request that each P.O. be used for only one purpose and occasion. No “standing” or “run-on” P.O. number to cover random purchases should be permitted; and

- Instructions regarding acceptability of “back order” or substitution of goods.

It may sometimes be necessary to order materials over the phone. The purchasing agent should write out a P.O. in these instances, read it over the phone, quote the number, and mail a confirming copy. With every purchase, including telephone orders, quantities and prices on the P.O. should be checked against the packing slip and invoice. Only then should payment be approved.

## **PARKING REGULATIONS**

Parking regulations should be developed for each project. Each tenant should be made aware of these regulations by the Board of Directors.

## **KEY CONTROL POLICY**

Strict control over common areas, and apartment keys, especially master keys, must be exercised. The following points should be taken into account:

- The master key is solely for the use of a designated committee member in cases of emergency;
- The designated committee member shall be held accountable for the master key and is not to lend it out;
- All other persons are to use the individual apartment and complex keys;
- Any exceptions to the above policy must be approved in advance by the Board of Directors;
- Common area keys (keys to office, storage room, recreation room, etc.) will not be marked by location.
- Common area keys will be coded, with the key code card kept in a separate location from the key box;
- Apartment keys will be kept in a locked box;
- A duplicate key will be kept for each apartment;
- Keys will not be released to any person unless their name is on the apartment lease, or previous written arrangements have been made between the designated committee member and the resident; and
- It is recommended that all exterior doors of the building be keyed alike where practical.

## **CASH MANAGEMENT CONTROL**

A part of the financial operation of the PMH Sponsor is the management of its cash resources. This would include planning and monitoring the flow of cash into and out of the organization's accounts, and also the investment of reserves and surplus cash.

### **BANKING**

Every non-profit housing Sponsor should have separate bank accounts for:

1. operating (current account); and
2. donations.

Sponsors are encouraged to raise funds through community donations and fundraising to purchase and support Tenants' special needs (e.g. a television for a common room).

Such funds are to be credited to a separate account and accounted for separately, including disbursements, in the financial statements.

Subsidies will not be reduced by donations, if recorded properly.

Cash received should be deposited as soon as possible. Bank statements should be verified and reconciled on a timely basis.

### **PURCHASING**

Purchases should be made by purchase order and authorized by the Board of Directors or designate.

### **CHEQUING**

Cheques require two signatures and should normally be prepared by the Treasurer.

Supporting documentation for each cheque i.e. invoices, purchase orders, and packing slips should be forwarded to the signing officers for review.

Cheques should not be signed unless the payee and amount are entered. In order to prevent unauthorized use, blank cheques should be securely locked away at all times.

### **COLLECTIONS**

Receipt and deposit of rent payments and other revenue, as well as the collection of arrears and damage costs, should be spelled out in specific procedures. As a minimum these procedures should include:

- The use of pre-numbered carbonized receipt forms;
- The issuance of receipts for all monies received;
- Daily deposits (where practical);
- Timely posting of receipts to the Tenant Payment Record;
- Periodic reconciliation (at least monthly) of the Tenant Payment Record to the General Ledger Control Account;
- Monthly reporting of arrears balances; and
- Document segregation of duties.

## **MAINTENANCE AND REPAIRS**

### **TYPES OF MAINTENANCE**

The Operating Agreement between the Sponsor and NLHC states that the Sponsor is responsible for ensuring that the housing units are kept in good repair and to carry out maintenance, as required.

To the extent that required repairs are known, all maintenance repairs, capital repairs and renovations are to be included in the Annual Operating Budget of the Sponsor.

Requests for painting of a cyclical nature are also to be included in the annual budget.

Maintenance can be broken down into 3 categories: routine, preventive, and capital repairs/renovations.

#### **1) ROUTINE MAINTENANCE**

Routine maintenance covers the day-to-day upkeep of the housing unit, and includes the tasks that should be carried out on a daily, weekly, or even monthly basis.

Daily maintenance or housekeeping includes cleaning and keeping the common areas of a building tidy, which is the Sponsor's responsibility. The Sponsor shall ensure that arrangements are in place to complete these tasks on a regular basis, as required.

The Sponsor should monitor the tenants' maintenance efforts in keeping the unit tidy and appliances clean, etc. The tenants' responsibility towards maintenance should be specified in the lease.

## 2) PREVENTIVE MAINTENANCE

Preventive maintenance means taking care of the housing unit so that break-downs are avoided or are less frequent. It is cheaper and easier to prevent problems than to have to replace or repair major items.

This involves the regular scheduling and completion of maintenance projects. The Sponsor shall ensure that these tasks are scheduled and assigned or contracted.

For preventive maintenance, the Sponsor should designate one person as responsible for the maintenance of the housing project. This person may be the Housing Manager or a specific maintenance coordinator, depending on the size of the project.

The person in charge of maintenance must draw up a schedule for the necessary jobs. (S)He must decide, for example, how often the HRV filters should be cleaned or replaced. The schedule should show the months when the filters are to be checked and records should be kept to show that the work has been completed. (See sample of Annual Maintenance Calendar in Appendix “B”.)

A schedule should be made for the following tasks:

- Clean/replace HRV filters;
- Check furnace fan belts and lubricate pumps or motors, or have the furnaces professionally serviced;
- Check the condition of the roof and make any necessary repairs to loose shingles;
- Check the caulking around windows, re-caulk if needed;
- Check the siding and re-nail before water seeps in and causes rot;
- Make sure that smoke detectors are connected and working properly;
- Drain approximately one gallon of water from the hot-water tank to clean out rust and debris;
- Clean the gutters and downpipes;
- Have the chimney and furnace flue cleaned (if necessary);
- Check and clean sump pumps;
- Vacuum fridge coils to prevent overheating;
- Check dryer hoses;
- Clean/replace hood fan filters; and
- Make sure that doorstops are installed to prevent doorknobs cracking the drywall.

Preventive maintenance also includes preparing the property and housing unit for extreme cold in the winter. To prevent pipes from freezing up, the Sponsor should, at least, make sure that the

outside taps have been shut off and drained, and that pipes have been properly insulated against the cold. Local weather conditions may warrant further action.

### **3) CAPITAL REPAIRS RENOVATIONS**

As a Project ages, extraordinary maintenance issues will occur. Extraordinary maintenance is necessary when parts of a unit wear out or break as a result of ordinary use over time. This type of maintenance is necessary when equipment, or building parts, fail unexpectedly (i.e. the hot-water tank leaks or the pipes freeze, etc).

Capital repairs and renovations will require three (3) written quotations or a Public Tender call. The Sponsor is responsible for this work and will require prior approval from NLHC, if prior approval and funding was not obtained in the budget process.

Initial contact should be with the Regional Office, which may assign an Engineering Technician if the situation warrants.

Sponsors should be aware of the life expectancy of capital items (e.g. 20 year roof shingles) and plan accordingly for their anticipated replacement. Maintaining current property condition reports will also aid in this planning.

Planned Maintenance involves maintaining parts of a unit that will eventually be in need of repair, such as exterior/interior painting of a building that is known to be unnecessary every few years.

## **PROPERTY INSPECTIONS**

The Sponsor must inspect all housing units at least once every year. The Sponsor can then identify how much repair work is necessary and can allow for these costs in the annual operating budget.

### **1) ANNUAL INSPECTIONS**

The Sponsor should look at:

- Whether the tenant is maintaining all aspects of the property in accordance with the rental tenancy agreement;
- Whether any repairs are necessary and, if so, whether they are the responsibility of the landlord or the tenant;
- Whether the occupants are the tenants who originally rented the unit;
- Whether the unit is being sublet, or has long-term visitors;
- Whether the tenants have made any structural changes or have renovated the unit without the Sponsor's permission; and

- Whether all fire, safety, health and occupancy standards are being met.

The Sponsor may combine the annual inspection with some of the checks suggested under the preventive maintenance responsibilities listed earlier in the guide.

Because the Sponsor uses the annual inspection to estimate maintenance costs and to plan repair programs for the year ahead, it is a good idea to complete the inspection before comments on the annual Operating Budget are submitted to NLHC.

## **2) MOVE IN/MOVE OUT INSPECTIONS**

When a new tenant moves into a unit, it should be inspected by the tenant and a representative of the Sponsor. A detailed report of any damage or deficiencies should be made for the tenant/housing unit file. Then, when this tenant moves out, the Sponsor can refer to the report to see whether any further damage has occurred during the tenant's occupancy.

If the moving out inspection shows any negligence on the part of the tenant, the Sponsor must decide whether the repair costs should be demanded from the tenant or, if one was taken, whether the security deposit should be retained. The moving in and moving out inspections protect the Sponsor and the tenant from possible disputes.

If a tenant moves out without informing the Sponsor, two representatives of the Sponsor should inspect the unit immediately to record its condition. Both should sign the inspection report so that if repair costs have to be recovered from the tenant, the Sponsor will have evidence and the word of two witnesses to the damage. Where possible, the inspection is to be documented with photographs.

## **3) NLHC PROJECT INSPECTIONS (condition reports)**

To ensure that the units are being maintained in accordance with proper maintenance practices and the Operating Agreement, NLHC schedules a thorough inspection of each housing project by NLHC's engineering technicians on a cyclical three year basis and sooner if required. The results of each inspection are sent to the Sponsor, but this inspection does not take the place of the Sponsor's regular and/or preventive maintenance inspections. The results of this inspection may be used in forecasting maintenance costs as part of the budget process for the coming year as well as support for repair/renovation funding requests.

During Cyclical Property Inspections:

- An inspection of each unit in the Project, or a sufficient sample, is to be performed;
- A representative of the Sponsor shall be present; and
- The Tenant should also be present.

## **SAMPLE ANNUAL MAINTENANCE CALENDAR**

The following annual maintenance calendar is a guideline for the Sponsor, and can be amended or altered as necessary for the normal functioning of the Sponsor.

<b>Month</b>	<b>Activity</b>	<b>Completed</b>
<b>JANUARY</b>	<ul style="list-style-type: none"> <li>• Test Emergency Lighting System.</li> </ul>	<input type="checkbox"/>
<b>FEBRUARY</b>	<ul style="list-style-type: none"> <li>• Inspect attics (if applicable).</li> <li>• Service kitchen, laundry appliances.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
<b>MARCH</b>	<ul style="list-style-type: none"> <li>• Inspect plumbing.</li> </ul>	<input type="checkbox"/>
<b>APRIL</b>	<ul style="list-style-type: none"> <li>• Inspect ventilation systems.</li> </ul>	<input type="checkbox"/>
<b>MAY</b>	<ul style="list-style-type: none"> <li>• Arrange for grounds work and general maintenance.</li> </ul>	<input type="checkbox"/>
<b>JUNE</b>	<ul style="list-style-type: none"> <li>• Bulk garbage.</li> <li>• Ensure fire evacuation plan is posted in all buildings.</li> <li>• Fire drill (where applicable).</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>JULY</b>	<ul style="list-style-type: none"> <li>• Inspect hot water heater.</li> <li>• Clean walls, paint (if necessary)</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
<b>AUGUST</b>	<ul style="list-style-type: none"> <li>• Start annual unit inspections.</li> </ul>	<input type="checkbox"/>
<b>SEPTEMBER</b>	<ul style="list-style-type: none"> <li>• Complete annual unit inspections before budget for submission.</li> <li>• Heating.</li> <li>• Electrical sockets.</li> <li>• Prepare snow clearing tender.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>OCTOBER</b>	<ul style="list-style-type: none"> <li>• Service fire extinguishers, inspect and test fire alarm and sprinkler systems.</li> <li>• Inspect dryer exhaust vent hose.</li> <li>• Inspect roof.</li> <li>• Inspect Flooring.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>NOVEMBER</b>	<ul style="list-style-type: none"> <li>• Finalize Contract for snow removal service</li> <li>• Get quotes for groundskeeping service (where applicable).</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>

## **TENDERING GUIDELINES: REPAIRS AND RENOVATIONS**

Public tendering is the process whereby qualified bidders submit sealed bids on predetermined work. The bids are opened in public with the successful bid chosen on the basis of price and quality. Improvements, changes and repairs involving a public tendering process must have prior NLHC approval and is dependent on the availability of budgeted funds. The results of all public tenders are to be forwarded to NLHC for comment and approval prior to award by the Sponsor.

### **1) ADVERTISED TENDER CALL**

Sponsor Groups may be required to do an Advertised Tender Call (ATC). Sponsor groups classified as PNP Property with Operating Agreements may not be required to do an Advertised Tender Call **unless** NLHC assesses that one is required. *NLHC reserves the right to assess each circumstance to determine if an ATC is required.* If the group is classified as an RNH Property and has a Management Agreement, tenders are required where the estimated cost of Goods or Services is greater than \$10,000 or the cost of renovations, repairs or new construction exceeds \$20,000. In order for a potential contractor to prepare an accurate bid, it is important that the work be sufficiently defined. In addition to preparing the necessary drawings or specifications which detail the nature, scope and quality of the work, the Sponsor must outline the method of payment consistent with NLHC's advancing procedures and the stipulated sum method (see below).

Note that the Sponsor is only authorized to make payments for work in place. Contractors must never be paid in advance for repairs or renovations. This point must be made clear in any tender or invitational call and/or contract for work.

The stipulated sum method requires that the bidder provide a fixed sum for the work. A change in price would only be considered if the nature, scope, quality or quantity of the work changed. This method calls for an accurate and complete description of the work and full details on site conditions in advance. This method may be used in conjunction with some unit price work, or unit price quotations in case of variation, as well as in conjunction with cash allowances for certain items. A contract breakdown by unit and by item is required for renovations to existing units.

The tender call should be advertised in at least one daily newspaper published in general circulation in the province for a period of two weeks, in addition to other advertising routes.

### **2) TENDER ADMINISTRATION**

#### **Tender Closing**

Tenders should be accepted up to the stated closing time and placed, unopened, in safekeeping. Adjustments to tender amounts by fax, electronic mail or letter may be accepted up to the closing time.

## **Tender Opening Committee**

The Sponsor should appoint a Tender Opening Committee made up of at least three individuals, one of whom is identified as the Tender Call Agent. The three should represent management, financing and technical interests.

The Committee should open tenders at the closing time or as soon as possible thereafter. The procedure should be formal and public. The Committee should consider and rule on the admissibility of each tender (i.e. whether it complies with the rules of the tender call). Minutes of the tender opening meeting should be taken.

Each tender should be summarized and recorded, to include:

- The name of the bidder;
- The amount of the bid; and
- The nature and amount of bid security, as required.

## **Inadmissible Tenders**

A tender should be declared inadmissible:

- If it is not submitted in the form requested, and signed;
- If it contains an escalator clause or a conditional letter;
- If the bid security is not included or is significantly less than required; or
- If it is received after the stated closing time;
- Late tenders should be returned to bidder unopened.

Inadmissible tenders should be returned immediately with a letter explaining the inadmissibility.

## **Tender Review**

In a tender call, all bids are based on the same technical details, and no drawings are presented by bidders.

To ensure that bidders have complied with the requirements of the tender call procedure, the reviewers check that:

- Tender forms are submitted in the required number;
- All tender forms are signed;
- All information required on the tender form is provided; no changes have been made to the tender form;
- No mathematical errors have been made;

- Names of subcontractors have been provided; and
- Bid security that complies with requirements has been provided.

The dominant feature of each tender is its quoted price. Sponsors must follow the principle that the lowest offer that meets all requirements should be accepted.

When the preferred tender has been established, the bidder's credit worthiness and technical competence should be checked if it is not known. This may be done by requesting the bidder to provide particulars of jobs recently completed.

### **Acceptance and award**

The successful bidder is advised as soon as possible that the tender has been accepted. The bidder may be advised by telephone, with the letter of acceptance to follow.

Concurrent with acceptance of the bid, the successful bidder must be asked to provide:

- Bonds or other acceptable surety as required by terms of the tender;
- Letter of good standing from Worker's Compensation Commission;
- Insurance policy;
- Construction cost breakdown (for the purpose of determining progress payments); and
- Certificate of Recognition (COR) from Newfoundland and Labrador Construction Safety Association.

Unsuccessful bidders should be advised of the name of the successful bidder, and their security deposit should be returned without interest.

### **Contracts**

A contract is a formal and legally binding agreement between the contractor and the Sponsor, usually effective at the time of signing.

### **The Contract Document**

The contract (which both parties must sign and seal) sets out the terms of the agreement by which the contractor agrees to perform all the work in accordance with the drawings, specifications and conditions of the contract. It outlines the security deposit and/or bonding arrangements, the terms of payment for the work, and may include the completion date or schedule.

### **Drawings and Specifications**

These describe in detail the work to be carried out. In the case of a tender call these would be provided to contractors wishing to bid.

In contracts resulting from tender calls, some details may be added later. Specific arrangements are usually included in the contract for the formal submission by the contractor and acceptance—

by the Sponsor of any items of the work, materials or equipment that are to be fully detailed after contract award.

### **General Conditions of Contract**

Standard general conditions have been prepared by a number of associations and Sponsors. The clauses found in the general conditions usually cover:

- The contract documents;
- The contractor's obligations, such as:
  - Labour and personnel;
  - Assignment and subcontracting;
  - Execution of the work;
  - Default, delay, and non-completion;
  - Bonding;
  - Warranty on work done; and
  - Insurance.
- The owner's obligations, such as:
  - Measurement and payment;
  - Settlement of disputes;
  - Hours of work; and
  - Proof of the workers compensation, health, and safety.

### **Other Contract Documents**

Any changes issued prior to bidding would also form an integral part of the contract.

A Sponsor unfamiliar with the development of tender packages may require the assistance of NLHC's technical staff or a consultant. Before hiring a consultant to assist in the preparation of the tender document, NLHC must be consulted.

## **3) QUOTATIONS AND TENDERS**

### **i) Costs up to \$1,000**

The Sponsor may select one supplier/contractor, or select by using an established standard price or a previous quote. Only one quote is necessary.

### **ii) Costs from \$1,001 to \$10,000**

Three written quotations are required. Quotations are to be submitted in a sealed envelope and clearly marked. The opening should take place at a specified time in the presence of two or more representatives of the Sponsor.

### **iii) Costs over \$10,000 (services and goods) or \$20,000 (construction)**

Public Tenders required.

Contract security takes the form of a certified cheque, bank draft, money order, or letter of credit from the Contractor's banker in the amount of 10% of the contract bid. When a 10% cheque is given as Bid Security by the successful bidder it will be retained as Performance Security or it may be replaced with a Performance Bond for 50% of the value of the job.

#### **4) MATERIALS AND LABOUR BOND**

Where repairs are major, with contract totals in excess of \$25,000, the contractor will be required to provide materials and labour bond in the amount of 50% of the contract price.

A materials and labour bond is intended to guarantee that the contractor will pay his or her suppliers for labour, materials, and services rendered in the construction of the project should the contractor not meet his or her obligations. This requirement should form part of the tender package.

#### **5) FURTHER INFORMATION**

Further information on the tendering process is available from your local NLHC Regional Office

## **REPLACEMENT RESERVE**

### **DEFINITION**

The Replacement Reserve Fund is defined as funds reserved for the replacement of items of a capital nature. When eligible capital items in a unit wear out or become too expensive to repair, replacement costs may come out of this Fund. NLHC and PMH Sponsors are no longer required to contribute annually to the Replacement Reserve Fund.

### **ITEMS ELIGIBLE FOR REPLACEMENT**

While the types of capital items and amounts may vary from one Operating Agreement to another, the following items shall be recognized by NLHC as being eligible and funded for repair under a RRF:

- Roofs;
- Stoves\*;
- Fridges\*;
- Washers\*;
- Dryers\*;
- Plumbing fixtures;
- Heating;

- Flooring
  - HRV's;
  - Windows;
  - Exterior doors;
  - Paving;
  - Siding and;
  - Hot water heaters\*
- \* Funding for appliances and hot water heaters should be requested from grant funding when available.

### **REQUESTING FUNDING**

Requests for the use of the RRF may occur at any time as the need arises. Note that a majority of the work can and should be determined in advance, most appropriately during the preparation of the group's budget.

To begin the process, the Sponsor identifies a capital item in their project that needs to be repaired or replaced. The Sponsor is to contact the Regional Office with their request in writing or by email.

The Regional Supervisor and/or Regional Manager will review and/or approve the need for repair or replacement. This may include reviewing or obtaining a Building Condition Report inspection, obtaining a consulting report, or sending out an Engineering Technician to inspect the item(s) in question.

The Building Condition Report documents the building conditions and verifies the need for maintenance, repair, or replacement.

If the repair or replacement is approved by the Regional Office, a recommendation for funding is forwarded to Program Delivery.

Program Delivery will review the request, and decide upon funding. If approved by Program Delivery, it is communicated to the Regional Office, and the Housing Officer will contact the sponsor and guide the process.

When the work/purchase is done, the Sponsor will pay all the invoices and place a claim for reimbursement to the NLHC Regional Office. Completed work may require an inspection by an Engineering Technician prior to approval for payment.

NLHC has the discretion to decide whether an item/repair is paid from a RRF or other available funding.

# **SELECTION, RENT CALCULATION AND INCOME VERIFICATION**

## **TENANT SELECTION**

### **ELIGIBILITY**

Sponsors must ensure that total household income is within the Household Income Level of **\$32,500**. Applicant's should provide verification of their income (Option C) with the rental application.

The Tenant Selection Committee has the responsibility to select eligible tenants from the applications on file using the HIL as the eligibility cut-off. Minutes of meetings with recorded decisions are to be placed in the Selected Tenant File and Tenant Selection Minutes File.

To ensure compliance, NLHC staff shall monitor annually to ensure that applicants are selected from below HILs.

### **SELECTION**

Sponsors are responsible for tenant selection.

A potential tenant must complete a rental application form (see Appendix "B").

A credit check, while not mandatory, may be used by the Board of Directors to guard against unsuitable tenants. The staff or a member of the Tenant Selection Committee should also:

- Interview the applicant and verify the information declared;
- Provide a detailed report to the Tenant Selection Committee if the applicant is determined to be within Housing Income Limits (HIL).
- Adopt a prioritization system similar to that used by NLHC to ensure the best use of units;
- If there are no vacant units at the time and if approved, the application is placed in a pool with priority given to the applicant with the greatest need. When a suitable unit becomes available, the applicant should be notified of the offer by telephone and in writing.

When an applicant agrees to become a tenant, the following procedure should follow:

- Explain all clauses in the lease;
- Explain the internal management policies and house rules;
- Explain the policy concerning charges in the event of breach of lease or negligence causing damage to the property or affecting the welfare of the other tenants;
- Explain the methods of payment of the rent and the collection policies;

- Verify past and current income if not already done;
- Collect first (or part) month's rent in advance;
- Complete Move-In Inspection Report; and
- Execute lease agreement and give a copy to the tenant (See Appendix "B").

Income is verified using an Option C printout obtained by the tenant from Canada Revenue Agency by dialling 1-800-959-8281. Rent is determined using the most up-to-date income. Written verification of income is to be kept in the tenant's file.

### **DETERMINING RENTS**

Rental charges are based on the tenant's adjusted household income. NLHC will need proof that the Sponsor has carried out this **Rent-Geared-to-Income (RGI)** calculation for tenants, and is charging the tenants correct rent. NLHC therefore requires the Sponsor's auditor to review and to comment on the Sponsor's determination and calculation of rental income in the Annual Auditor's Report. The Sponsor must know tenant's incomes: rents are as important as NLHC subsidies.

Verification of income requires an "Option C" form from the Canada Revenue Agency. Pay slips, a letter from an employer, copies of claims settlements, or copies of social assistance cheque stubs are usually accepted as supporting documentation, but the Housing Manager should check with NLHC's Regional Office to confirm any other proof of income that may be needed.

**DVA Pensions** of any kind are to be **excluded** whether received by the pensioner or spouse. Please note that this does not include regular Canadian Forces pensions which are included in the calculation of gross household income.

### **RENT CALCULATION**

#### **Converting to Monthly Income:**

Where the Applicant/Tenant declares income which is not on a monthly basis, the following calculations are necessary to convert to monthly income.

- Annual  $\div$  12 = Monthly
- Weekly  $\times$  4.333 = Monthly
- Bi-Weekly  $\times$  2.167 = Monthly
- Daily  $\times$  21.667 = Monthly

To calculate rent, the tenant's Adjusted Income must first be calculated. To do this:

#### **ADD together**

- All the money that is made or received in any form, including Department of Advanced Education and Skills (AES) assistance, by all those in the housing unit in a year;

- The first \$5,800 in income, in whatever form received, from children or dependents of the household; and
- Include the Board and lodgings allowance from the AES for those who are living in the household.

**Then SUBTRACT**

- All lump sum insurance claim money, inheritances, disability awards, money made from selling personal property, and capital gains;
- All DVA Pension income earnings in household.
- All income, in whatever form received, from children or dependents if they are attending school fulltime; and
- Up to \$1,000 per year from all earnings of a single working parent, working spouse or any other working household member, excluding the household head.

***NOTE: There are times when above noted funds are on the CRA Option C form. If so please SUBTRACT as instructed above.***

For tenants receiving AES benefits, the maximum shelter allowance is the rent payable.

If some individuals in the household are working, and others are collecting AES assistance, that household's Adjusted Income is a combination of the AES assistance and the Adjusted Income which is determined by applying the guideline above to those who work.

For the purpose of the **RGI** calculations, a child is a person related by blood or marriage to other members of the household, and of 25 years of age or younger. A dependent is a person considered to be a dependent of another member of this household according to Canada Revenue Agency requirements. A dependent 25 years of age or less qualifies for the same income definitions and exclusions that apply to children of the household.

If any member of the household is self-employed, the work-related earnings of this household member will be the annual net income, as defined by the Canada Revenue Agency, before any personal income tax deductions, plus any capital cost allowance used in the determination of the net income.

In all cases, verification/confirmation of the income of household members is needed. These include statements signed by the employer, or, for the self-employed, a certified copy of the most recent income tax return, and a completed Option C Printout.

For the purpose of calculating rent, boarders are considered members of the household, their income will be considered on the same basis as other household members. Fees for room and board paid to the household head or spouse will not be considered as part of the household's gross income except board and lodgings paid by the AES.

If the household receives AES assistance, whether or not it is the principal source of income, the basic rent will be the greater of the shelter portion of assistance or the rent as determined on the basis of the RGI calculation, using the household's Adjusted Income.

The basic rent is the amount required from those in the household for fully serviced accommodation including heat, hot water, stove and refrigerator.

Where services other than those identified as part of a fully serviced unit are provided, the basic rent will be increased to reflect the costs of those services. Please contact NLHC for appropriate charges.

There will be no maximum rent set unless specifically approved by NLHC. For a fully serviced unit, no rent will be set lower than \$100 per month.

### **EXAMPLES OF RENT CALCULATIONS**

For "Basic" rent (includes heat and hot water).

#### **Tenant A:**

Working Household

Calculate working household Adjusted Income	\$7,500/year
Divide by 12 for monthly income	\$625/month
Multiply by RGI Scale	\$156/month

The tenant pays domestic electricity and laundry surcharges in addition to the "Basic" rent.

#### **Tenant B:**

Income Support Recipients (Family)	
Shelter allowance	AES Rate/Month
"Basic" rent equals rent, heat, and hot water	AES Rate/Month

Tenants are responsible for applicable domestic electricity and laundry surcharges when receiving assistance from DHRLE. These surcharges are paid by DHRLE in addition to the "Basic" rent.

## **RENT COLLECTION AND ARREARS**

### **1) RENT COLLECTION**

Tenants pay rent monthly to the Sponsor, preferably with post-dated cheques. By collecting rent regularly, the Sponsor has the funds for ongoing maintenance and supplies, and daily operating expenses. If the Sponsor does not collect the rent regularly, the lack of necessary revenues can lead to the deterioration of a project. This type of poor administration could lead to NLHC suspending subsidies.

It is easier to collect rent regularly if paperwork is in order. The Sponsor should have:

#### **A Tenancy Agreement/Lease**

This is a contract between the Sponsor and the tenant outlining the terms under which the Sponsor is willing to rent out the unit. It should state the amount of the monthly rent to be paid for the unit, and the consequences of not paying the rent on time.

NLHC must approve the wording and contents of the tenancy agreement/lease before it is used by the Sponsor. Refer to the sample lease (See Appendix “B”).

#### **A Tenant Rental Payment Record**

Refer back to the sample forms in Appendix “C”. A Payment Record helps the Sponsor to keep track of each tenant’s rent as it is paid. It also shows at a glance any pre-paid rents or arrears. A pre-numbered receipt book will also help the Sponsor to keep track of rents received.

### **2) ARREARS**

A clearly worded rent arrears and eviction policy must be adopted and approved by the Sponsor’s Board of Directors. The fact that rent, as assessed by the Sponsor, is due and payable to the Sponsor on the first day of each month must be communicated (in writing) to each tenant when he or she moves in.

If the rent is not received within the time specified by the Sponsor – no longer than five days after the due date – then the tenant is to be contacted in person. If the rent is not paid by the 10<sup>th</sup> day the Sponsor follows up with a written notice. If a tenant ignores rent due dates or reminder notices, then the Sponsor should follow up with eviction proceedings in accordance with the tenancy agreement/lease and the Sponsor’s own policies.

The same process should be followed if a tenant writes a cheque on an account without sufficient funds and the cheque is not replaced with a valid one.

Once the Sponsor has approved a clear rent arrears and eviction policy, the Sponsor’s staff should take all the necessary steps to recover any rent arrears, and to see that all rents are paid on time. Control over rent collection is essential; NLHC will not accept poor administration or

subsidize a project's rent arrears. To ensure rent collections are made NLHC should be consulted where required.

### **3) OTHER CONSIDERATIONS**

A fair but firm attitude toward collecting rent is essential. Allowing a tenant to delay paying rent does not protect the interests of the Sponsor, other tenants or the late-payer. A tenant in arrears over one month may continue to be in arrears and need to have a special repayment plan set up. This type of repayment plan only adds to the complexities faced by the Sponsor administering the project.

If a tenant moves out and leaves rental arrears, the Sponsor should prepare an account of the rent owed (and any other charges incurred) and demand payment. If the tenant's address is unknown, NLHC should be consulted. Accounts in arrears should be sent to a collection agency.

A report on the control of collections should be prepared at the end of each month. The administrator responsible should indicate which tenants are in arrears, so that the Board of Directors can decide on any action to be taken.

## **THE TENANCY AGREEMENT/LEASE AND ITS ENFORCEMENT**

### **1) DEFINITION OF LEASE**

The lease is a contract under which the landlord undertakes to provide the tenant with a housing unit for a certain amount of time, on payment of a consideration (the rent), and subject to certain specific terms.

### **2) SECURITY DEPOSITS**

NLHC does not require a Sponsor to collect a security deposit, but some sponsors prefer to offset potential damages to housing units or instances of tenants leaving without paying rent. If the Sponsor collects a deposit, procedures must be put in place and meet provincial landlord/tenant legislation, and must be the same for all tenants.

### **3) FORM OF THE LEASE**

Leases or tenancy agreements between Sponsors and Tenants must comply with the Residential Tenancies Act (RTA) and must be recorded on paper. The Sponsors are advised to use the lease (See Appendix "B") as approved by NLHC.

### **4) ADDITIONAL CLAUSES**

In addition to the obligatory clauses in a lease, the parties may make other agreements in accordance with the services offered on the premises, the disciplinary rules imposed on tenants, and the charges payable by tenants in the event of vandalism or negligence. If the project has

Tenant/Occupant Rules and Regulations (these may vary over time according to motions passed at Board meetings), they must be referred to in the lease or tenancy agreement as an appendix if they are to be legally binding.

These Rules and Regulations apply to aspects such as heating, electricity, snow removal, household appliances, furniture provided, restrictions on pets, excessive noise, and damage caused by negligence.

The lease must contain a clause to the effect that the tenant agrees to provide to the landlord a statement of annual household income each year and at such other times as the landlord may request.

## **5) ENFORCEMENT OF CLAUSES IN THE LEASE**

If a tenant does not comply with the clauses of the lease, the fact that he or she has breached the agreement should be pointed out immediately by telephone, in a letter, or by inspection visit depending on the seriousness of the case.

A tenant should be billed for any vandalism or proven negligence causing damage to the property. A letter, including an estimate of the cost of repairs (or a bill if the repairs have already been carried out), should be sent to the tenant.

In the case of repeated breaches, and if the tenant's actions have become a nuisance to neighbours, NLHC should be consulted on the most effective way to evict the tenant.

A tenant may be evicted as a result of:

- Non-payment of rent;
- Continually being in arrears of rent;
- Vandalism/damage to the premises;
- Subletting;
- Breach of project rules;
- Excessive noise;
- Causing a nuisance to other tenants or neighbours; and/or
- Other items clearly spelled out in the Sponsor's policies and approved by the Board of Directors.

All of these acts can cause the project extra expense. In initial consultations with NLHC, make an estimate as follows:

1)	Months taken to evict = Rent lost X monthly rent
Plus: 2)	Vandalism = Repair bill
Plus: 3)	Other Costs = \$
Equals:	Total cost of eviction \$

## **6) RENEWAL OF THE LEASE**

### **Automatic**

A tenant wishing to leave a housing unit on expiry of the lease must give the landlord 30 days written notice of such intention, in accordance with the terms of the lease and provincial statutes and regulations.

A landlord wishing the tenant to vacate the unit must give the tenant 30 days notice, as prescribed in the terms of the lease.

A new lease is not required upon lease renewal except where a lease change has resulted or where a tenant has been transferred to another unit. Instead the lease is extended by letter and on a month to month basis. However, the new rent upon renewal is set for the next twelve (12) month period for workers and families, three (3) years for seniors, and zero (0) months for DHRLE recipients. It is based on appropriate documentation of the income of the occupant and a copy of the most current Option C printout from CRA.

## **THE BUDGET PROCESS**

### **THE BENEFITS OF A BUDGET**

A budget is a planning tool that gives an estimate of how much money a housing project can bring in, and how much will be needed for the upcoming year, including how much subsidy will be required.

The Operating Agreement requires that a project budget is completed each year and sent to NLHC for approval.

NLHC currently provides a budget draft to Sponsors for comment.

### **THE APPROVAL PROCESS**

Responsibility for the budget falls to the Sponsor's Board. The Treasurer may prepare comments for the Board on the Draft received and may get assistance from the Housing Manager, or may delegate the entire responsibility to the Housing Manager. Whatever comments or additional requests are made, they must be agreed to by the Board of Directors.

The Treasurer should present the comments on NLHC's draft budget to the Board of Directors, who will send their comments to NLHC. Final approval must be granted by NLHC before the budget can be implemented. The sponsor must review the budget with the Regional Housing Officer before submission to the Program Delivery Accounting Officer.

Final comments should be forwarded to NLHC four months before the budget year (December 1<sup>st</sup>). The form used by NLHC may be modified from time to time by NLHC.

## **PREPARING THE BUDGET**

The information considered for these steps is explained in the following sections.

### **1) REVENUE**

Annual revenues are estimated. For most Sponsors, this is a straightforward process, as there are few revenue sources.

#### **Rental Revenue**

Current income data supplied by the Sponsors as of April 1<sup>st</sup> will be used to estimate rental income.

There are two types of rental incomes:

- AES shelter allowances; and
- Rent calculated according to the RGI scale.

#### **Interest Income**

Any anticipated interest earned on the operating account is included.

#### **Other Income**

If the Sponsor has extra funds from late rent penalties, GST rebates, domestic electricity and laundry surcharges, or any other income, these are included under other revenues.

- Sponsors must complete rebate claims with the Canada Revenue Agency (in accordance with their filing schedule) relating to the Goods and Services Tax (GST) to ensure that rebates are received on a timely basis. Funds provided to Sponsors will include any sales taxes that may be charged on their expenditures.

### **2) EXPENSES**

Annual expenses are estimated. Generally, expenses can be classified as fixed and variable. Fixed costs are items such as loan payments and utility costs. Variable costs include supplies, maintenance, payroll, insurance, legal, audit, and administrative costs, etc.

#### **Property Taxes**

Property taxes are only to be paid to a municipality on the basis of an approved municipal assessment. When the Sponsor receives the annual assessment, they should review it and determine if they wish to appeal the assessment.

## **Fire and Other Insurance**

Sponsors must carry fire and extended coverage for property insurance and this must include a Rider of “Replacement Value”. In addition, they must ensure Directors Liability Insurance coverage is obtained annually. Those Sponsors with Management Agreements (NLHC owned properties) fall under NLHC and do not have to purchase this insurance. Program Delivery shall provide direction as to the extent of such coverage.

Sponsors should indicate any changes from past years; otherwise the cost of prior coverage will be used as a basis for the current year.

Insurance premiums and coverage for the upcoming year can be determined in consultation with the current insurance company. A tender for quotes **should** be obtained every three (3) years.

NLHC will not subsidize and/or recognize the cost of insurance coverage for a tenant’s personal effects. Tenants should be made aware that the Sponsor does not provide tenant/content coverage and they are encouraged to carry their own policy for personal effects.

## **Repairs and Maintenance**

Expenses in this category are the most variable. The amount proposed in the budget for repairs and maintenance is strictly related to the amount of work that must be carried out over a 12-month period. Through the annual inspection of units, a list of repairs and costs can be drawn up to be incorporated into the annual budget. In some cases, the Sponsor must prioritize the repairs, listing only the most important to be completed in the year. NLHC condition reports can help the Sponsor in scheduling repairs.

## **Heat and Hot Water**

NLHC will take the year-to-date actuals and add projected increases as established by NL Power.

## **Water and Sewer**

The actual cost of providing the housing unit with water and sewer services, as applicable. **The cost will be set at the applicable municipal discount rate (i.e. rate if paid on time).**

## **Mortgage Payments**

NLHC will include where applicable the current mortgage payment.

## **Snow Removal**

Includes any costs paid by the Sponsor for snow removal for the project. There should not be any costs included for single detached units or duplex units where tenants are responsible for snow removal.

## **Garbage Collection and Janitorial**

Includes the costs paid by the Sponsor for garbage removal from the project and janitorial costs which relate to the cleaning of common areas.

## **Professional Fees**

As a guideline, this includes the cost of legal and audit fees. The current year's audit fees plus a slight increase for inflation will be used as a guide. Auditor's fees should be negotiable. Prudent administration and bookkeeping will ensure the lowest possible audit fees at year end.

## **Bad Debts**

This is an estimate to include any amounts due that are deemed during the period to be uncollectible.

## **Extraordinary Repairs**

Certain expenses, over and above regular maintenance costs, may be eligible under this category. NLHC approval must be sought in advance, and will be given only under very special circumstances. Sponsors who have a Replacement Reserve may have to use these funds first depending on the type and amount of the repair being requested.

## **Tenant Association Fees**

To encourage tenant involvement, a small allowance is provided as an annual project operating expense. Please contact your Regional Housing Officer to determine funding eligibility. Sponsors are encouraged to promote a sense of community and caring amongst Tenants, through meetings, information sharing and social events.

### **Example of Annual Tenant Association Fees**

**00-20 units = \$1,000**

**21-40 units = \$1,500**

**41-65 units = \$2,000**

## **Administration**

These costs include staff salaries, bank charges, office supplies, telephone, and any other expenses related to housing administration.

## **BUDGET REVIEW**

The Board's recommended budget is submitted to the Housing Officer (HO) in the NLHC Regional Office for review and comment. Questions of clarification may be asked.

When NLHC's overall budget is approved by Government, the Sponsor will be formally notified by the assigned Housing Officer.

Once a budget is approved by NLHC, it is the Sponsor's responsibility to use the budget to control revenues and expenses during the budget period.

### **Supplementary**

Sponsors, who develop unusual funding needs after the budget is approved, are to provide a thorough written explanation to support increased funding.

### **Subsidy Cheques**

After the operating budget for the fiscal year is approved by NLHC, subsidy funds are either debited (withdrawal) or credited (payment) to the Sponsor's operating account via Electronic Funds Transfers (EFT), enabling the Sponsor to meet monthly cash operating needs. This will ensure a reasonable, positive cash flow.

Sponsors may be subject to a penalty of withholding subsidy payments for non-compliance (e.g. failure to submit required documents in a timely manner), as referred to in the Agreement.

### **Cash Flow Statements**

To ensure budgeted expenditures are on track and to serve as a gauge to the Sponsor and to NLHC, quarterly cash flow statements are to be completed by the Sponsor and submitted to the NLHC Regional Office no later than the 20<sup>th</sup> working day following the end of the quarter being reported.

Quarterly Cash Flow Statements shall be presented in a Quarterly Report (Refer to Appendix "B"), which represents revenues and expenditures compared to the approved budget.

The Accounting Officer shall contact the HO, who will consult with the Sponsor should there be concerns.

### **Year-end Reconciliation**

If there is a negative cash balance at year end, payment to the Sponsor is to occur on completion of the reconciliation. If there is a positive cash balance, payment by the Sponsors shall occur over the remaining months of the fiscal year or by lump sum payment. These will be initiated by the Accounting Officer.

## **PREPARING AUDITED FINANCIAL STATEMENTS**

The Operating Agreement requires that Audited Financial Statements be submitted to the appropriate Regional Office HO within four months of the fiscal year end. Subsidy payments may be suspended if the statements are not received by the due date.

The auditor selected by the Sponsor must have a provincially recognized accreditation (licensed under the Public Accounts Licensing Board).

The auditor's primary role is to assess the Sponsor's Financial Records. Often, the auditor will draw up the Financial Statements from the Sponsor's accounting records. These records must be complete, clear, and up-to-date for the auditor to render his or her assessment. A qualified opinion or a denial of opinion (which will occur when the recordkeeping is improper, incomplete, or not made available to the auditor) is not acceptable and amounts to a breach of the Operating Agreement. Orderly records will reduce the time spent by the auditor on gathering information and/or producing the statements, and will therefore lessen his or her fee.

At the Annual General meeting the Board of Directors must recommend and request membership approval of the audit firm selected for the year ahead. A letter of engagement should be sent to the auditor, so that both parties are aware of the auditor's duties. The auditor must be willing to abide by all NLHC requirements, including the due date set.

This due date should be discussed with the auditor in advance. The auditor will require access to tenant files and to all accounting records; the required information should be kept up-to-date and be readily accessible.

The financial statements presented by the Auditor must follow the suggested format of NLHC as stated in the *Guide for the Preparation of Annual Financial Statements for Community Based Non-Profit Housing Projects* (See Appendix "D")

### **DUTIES OF THE AUDITOR**

The specific duties of the auditor are detailed in the Operating Agreement. They include:

- Verification of the statement of revenues and expenses. For sponsors with more than one phase, a separate statement of revenues and expenses will be required for each program.
- Verification of the balance sheet.
- Verification of the client data sheet.
- Verification of the Statement of Changes in Financial Position.
- Provision of a statement indicating whether or not tenant incomes have been verified, and rent calculations are correct. Verifications of income must be updated annually; except for those which are reviewed every three (3) years in receipt of fixed incomes (e.g. AES, pensions).
- Provision of a statement that the Client Data Sheets have been reviewed for accuracy. A copy of the Client Data Sheet is to be included with the audit package.
- Provision of an auditor's report. This report must include the auditor's unqualified opinion on the fairness of presentation of the Financial Statements.

- For applicable Sponsors, provision of a statement indicating that the Replacement Reserve Fund has been properly maintained, and that all interest accruing to the fund has been recorded and accounted for.
- Provision of the Auditor's Confirmation.
- Provision of the annual tax return for non-profits.
- Provision of a Management Letter, outlining areas of concern relative to financial control or other pertinent matters (if applicable). A copy of this letter must be provided to NLHC.

### **DUTIES OF THE SPONSOR**

Sponsors shall provide a letter to the Auditor appointed to carry out the audit indicating their requirements and deadlines to be met.

Sponsors are advised to provide their auditors with the Guide for the Preparation of Annual Financial Statements, which may answer any questions the Auditor has as to the presentation of the Audited Financial Statements.

Once the Sponsor's organization has been audited, the auditor's Financial Statements must be presented to the Board of Directors so that they can be formally accepted and signed off by both. They must also be presented at the Annual General Meeting.

Sponsors shall submit to NLHC (no later than four (4) months after the fiscal year end):

- Audited Financial Statements approved by the Board of Directors.
- The Management letter issued by the Auditor (if a management letter has been issued).
- The Auditor's confirmation of Sponsor compliance with the Agreement; and
- An up-to-date copy of the Client Data Sheet.

Any questions on NLHC's audit requirements should be directed to the Program Delivery Department of NLHC at Head Office.

# **FINANCING RENEWAL PROCESS**

## **GENERAL**

It is in the best interest of NLHC and the Sponsor to obtain mortgage financing at the lowest market rates. NLHC uses CMHC Direct Lending to fund all such mortgages and manages the renewal with those groups that are affected.

# **CHANGE OF OWNERSHIP**

## **GENERAL**

NLHC must be notified immediately of any change, or prospective change in ownership.

Projects may be taken over, merged or sold due to lack of volunteer participation and/or financial considerations.

Projects may be merged with the portfolio of another not-for-profit Sponsor group, taken into NLHC's portfolio, sold to a new not-for-profit Sponsor or sold to an interested third party outside of the social housing partnership network.

A change of ownership must be approved by NLHC and the following conditions must be met:

No Project shall be taken over, merged or sold until legislative requirements have been met and an Environmental Assessment completed.

## **DECISION**

Sponsors must be sure that a change of ownership is the right decision. Therefore, the sponsors shall consider the following:

- Consider the financial information and discussions held with NLHC in forming recommendations on the project's continuation; and
- Ensure legislative requirements are satisfied with, following the advice of independent legal counsel.

## **SPONSOR ROLES AND RESPONSIBILITIES**

Once a date for the transaction is established, the following steps are to be taken in order to ensure the process is done properly:

- Close out bank accounts and transfer balance;
- Terminate Fire Insurance (or transfer to new owner);
- Notify Registrar of Companies that the Company will be dissolved (file papers of dissolution);

- Sign legal documents for transfer of property;
- Notify employees/contractors; and
- Request a Final Audit of the project.

## **EDUCATION INCENTIVE**

### **DESCRIPTION**

The Education Incentive is an initiative that was established in 2006. It aims to remove barriers that prevent school attendance. The Education Incentive provides a monthly monetary incentive meant to encourage NLHC (PMH) children to attend high school and adult tenants to enrol in post-secondary studies.

Under no circumstances is this Education Incentive to be withheld to cover rental arrears.

### **ELIGIBILITY**

The NLHC Education Incentive shall be available to:

- Leaseholder(s);
- Children of Leaseholder(s); and
- Dependents of Leaseholders

....who are enrolled full-time in a Junior or Senior High-school, post-secondary or adult basic education (ABE) program.

### **APPLICATION**

Leaseholders shall supply the Sponsor Group with a letter from the school, post-secondary institution or other place of study (i.e. ABE program), detailing periods when the approved applicant was in full time attendance.

### **PAYMENT**

If approved the Sponsor Group issues payment to the Leaseholder.

The Leaseholder shall receive \$50.00 for every month that an approved applicant is in full time school attendance.

For tenants with children or dependents in Junior or Senior High-school, payments will be made twice annually, at the end of the normal school terms. Cheques shall be issued in January and July.

For tenants' children or dependents of tenants attending post-secondary or enrolled in full-time ABE program, payments will be made at the end of each semester.

Retroactive payments are to be limited to the current school year (September- June) or a portion thereof.

**APPENDIX “A”**

**TENANT DIRECTORY**

## **TENANT DIRECTORY**

*The following Tenant Directory is a sample that all PMH Sponsors can follow in the literature they distribute to new and existing tenants. Not all sections or points will apply to all Sponsors, and thus it is the Board's duty to recognize this and make the proper decision regarding the majority of the content herein.*

---

### **MESSAGE TO TENANTS**

We would like to take this opportunity to welcome you to your new home, a part of the *Sponsor Name* Housing Project. The Board of Directors, as well as the management and staff, sincerely hope that your residency will be most enjoyable, and at any time you feel we can be of assistance to you, we will endeavour to do our utmost to meet your needs and address your concerns.

It is our wish that the directory will be of great benefit to you, and will provide a service to enhance your life at your new home.

The Board of Directors, management, and staff renew its commitment to all our tenants, to strive to provide the best possible service, so that your lives can be enriched.

---

Jonathan Doe  
Chair – *Sponsor Name*

---

### **SPONSOR NAME BOARD OF DIRECTORS**

**2015**

Mr. Arnold Apple	President
Ms. Beverly Burke	Secretary
Ms. Catherine Cobb	Treasurer
Mr. Doug Donnington	Recording Secretary
Etc...	

---

## LIST OF PERSONNEL

Mr. Fred Funny	Administration
Ms. Gale Garrison	Maintenance

**Regular business hours, Monday-Friday – 8:30 a.m. to 4:30 p.m.**

**In the event of an emergency after regular business hours, on weekends and on statutory holidays call 364-1234.**

---

### SPONSOR NAME SENIOR CITIZENS' CLUB

*Historical Blurb about the Club and the sorts of work it has done.*

*List of activities the Club engages in, plus admission fee and place (for example)*

Monday:	Bingo 8:00 p.m. at the Lions Club
Tuesday:	Darts from 2:30 p.m. to 4:30 p.m. at the Kinsmen Club
Wednesday:	Fitness Group at 10:00 a.m. at Nubody's Fitness
Thursday:	Crib Club 2:00 p.m. at the Legion Club
Friday:	Cards at 8:00 p.m. at the Masonic Lodge
Saturday:	Dance Lessons 9:00 p.m. at the Dance Studio
Sunday:	Sing-A-Long 2:30 p.m. at the Salvation Army Citadel

*Other special events throughout the year (for example)*

Christmas Dinner for Tenants and Board Members December 23 at the Lions Club.

*Etc.*

The following people were elected to lead the Seniors' Club for the 2015/2016 year:

Jake Jupiter	President (867-5309)
Katherine Kudos	Vice President (747-7474)
Lisa Lopez	Secretary (747-4747)
Melanie Munoz	Treasurer (368-6883)

For further information, please contact one of the above.

**The regular monthly meeting of the Seniors' Club is the fourth Thursday of each month. All are welcome, please come along and meet your neighbours!**

## **GENERAL POLICIES**

*The following policies are general guidelines. Some may not be applicable; others may need to be reworded. The Sponsor should ensure that the policies listed here match those found in the leases they hold with tenants, so as to avoid confusion or problems.*

1. Tenants who are causing disturbances to other tenants or who are a danger to themselves or others may be asked to seek alternate accommodations.
2. If a building is equipped with an HRV unit, it must be kept operating. This is to prevent condensation, mildew, odours and structural damage to the building.
3. Permission must be obtained from the Business Manager before any changes whatsoever are made to an apartment/home.
4. Driving over lawns or walkways is not permitted.
5. No nails, screws, etc., are to be inserted into vinyl windows or siding.
6. Designated parking is provided for one (1) vehicle only. Any other vehicles must be parked in the overflow parking lot. Please advise any visitors to park in “visitor” parking spots only, or the parking spot associated with the unit they are visiting.
7. Provision of guidelines will be attached to lease upon admission to the complex.
8. Garbage must be placed on the curb no later than 8:30 a.m. Thursday morning, and must be placed in proper bags, covered with a net or other approved cover, *and sorted (if required)*.
9. Lawns must be kept in good condition.
10. Tenants must keep their driveways and walkways clear of snow.

*The following are less common, optional policies that could be enacted.*

11. Clotheslines or other fixtures are not to be erected outside your apartment/home for the purpose of drying clothes.
  12. Pets are not permitted for safety and hygienic reasons. Please inform your visitors of this policy. Visitors should either leave their pets in their vehicles or at home while they are visiting.
  13. Permission must be obtained from the landlord before any changes whatsoever are made to the apartment/home.
  14. Flowerpots, boxes, or any other items are not permitted to be hung over the balconies of the upstairs apartments. They are also not to be attached to windows or siding.
  15. The installation of antennas or satellite dishes is not permitted on the exterior of any building or on the grounds surrounding the buildings.
  16. Bird feeders are not permitted to be installed, nor should tenants throw food out to birds. This leads to an increase in unwanted rodents.
  17. Transfers will not be permitted except where the tenant incurs the costs associated with transfer.
-

## **NEARBY SERVICES AVAILABLE TO TENANTS**

*Again, this list is not exhaustive, but contains examples of nearby services to many PMH Sponsors.*

### **BUS SERVICE**

Metrobus, Route 77, makes regular runs near *Name of Street* on the north side. The Bus runs every hour beginning at 7:35 a.m. and ending at 9:35 p.m.

*Include all Routes that stop at the stop.*

### **HAIR SALON/BARBOUR**

Candy's Cuts is located a 5 minute walk from *Street Name* on *Street Name*. Call 778-CUTS to make an appointment or to inquire about prices.

### **SHOPPING**

There are many options for shopping near *Street Name*, including:

The Corner Brook Shopping Centre - *address*(Mall)

Dominion - *address*(Grocery)

Marie's Mini-Mart - *address* (Convenience)

Needs - *address* (Convenience)

Wal-Mart - *address* (Box-Store Shopping)

*Also include bus routes*

### **GARBAGE COLLECTION**

Garbage is collected on Thursday mornings. Please ensure that your garbage is at the curb in sufficient time. Garbage must be placed in *proper* bags, and must be covered with a net or other approved cover.

# **APPENDIX “B”**

## **FORMS**

# RENT CALCULATION FORM SENIOR

Period: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

**STEP 1 – CALCULATE RENT BASED ON INCOME**  
**(\*Do not include DVA Pension Income in this calculation)**

**Income per month**

OAS \_\_\_\_\_

GIS \_\_\_\_\_

CPP \_\_\_\_\_

Working income (if applicable) \_\_\_\_\_

Other income\* \_\_\_\_\_

TOTAL INCOME \_\_\_\_\_

25% of Income

**STEP 2 – CALCULATE MONTHLY RENT (25% of income + additional charges)**

25% of income \_\_\_\_\_

Electricity Costs\*\* \_\_\_\_\_

Laundry Costs \_\_\_\_\_

Cable \_\_\_\_\_

Other \_\_\_\_\_

TOTAL RENT \_\_\_\_\_

Old Rate: \_\_\_\_\_

New Rate: \_\_\_\_\_

Prepared By: \_\_\_\_\_

Date Prepared: \_\_\_\_\_

\*Examples of other income include investment interest, private pension, etc.\*\* \$20 for 1 bedroom, \$25 for 2 bedroom

**RENT CALCULATION FORM FAMILY**

Date: \_\_\_\_\_ Tenant Name: \_\_\_\_\_ Phone#: \_\_\_\_\_

Address: \_\_\_\_\_ Account #: \_\_\_\_\_

\_\_\_\_\_ Unit #: \_\_\_\_\_

\_\_\_\_\_ No. of Bedrooms: \_\_\_\_\_

For Rental Period From \_\_\_\_\_ to \_\_\_\_\_

**FOR HOUSEHOLDS ON DAES ASSISTANCE**

Maximum Monthly Shelter Allowance of Social Assistance \$ \_\_\_\_\_

Add Surcharges:  
Domestic Electricity \_\_\_\_\_\*  
Laundry \_\_\_\_\_  
Other \_\_\_\_\_

**= Total Rent Payable** \$ \_\_\_\_\_

\* \$20 for 1 bedroom, \$25 for 2 bedrooms, \$30 for 3 bedrooms, \$35 for 4 bedrooms

Monthly Net Income x 25% \$ \_\_\_\_\_

**Add** Domestic Electricity \_\_\_\_\_

**Add** Laundry \_\_\_\_\_

**Add** Other (specify) \_\_\_\_\_

**= Total Rent Payable** \$ \_\_\_\_\_

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Entered in Rent Ledger:  Yes  No

Date: \_\_\_\_\_

Notification letter to tenant:  Yes  No

Date: \_\_\_\_\_

# QUARTERLY REPORT

For the Period

\_\_\_\_\_

Date

Group Name: \_\_\_\_\_ Address: \_\_\_\_\_

Phone No: \_\_\_\_\_

Contact Person: \_\_\_\_\_

	Actual for January	Actual for February	Actual for March
<b>Revenues:</b>			
Rentals			
Laundry			
Domestic Electricity			
GST Rebate			
Cheques received from NLHC			
EFT from NLHC			
Cheques received from NLHC			
EFT from NLHC			
Other (specify) _____			
<b>Total Revenue</b>			
<b>Expenses:</b>			
Heat & Light			
Insurance			
Janitorial & Garbage Removal			
Snow Clearing			
Property Taxes			
Water & Sewer Taxes			
Maintenance & Repairs			
EFT Deduction - NLHC			
Bad Debts			
Tenant Association Fees			
Fire Extinguisher/Alarm/Sprinkler Inspection			
Elevator Inspection/Elevator Phone			
Other (specify)			
Other (specify)			
Administration Expenses			
<b>Total Expenses</b>			

## QUARTERLY REPORT

For the Period

\_\_\_\_\_

Date

**Group Name:** \_\_\_\_\_ **Address:** \_\_\_\_\_

**Phone No:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_

	Actual for April	Actual for May	Actual for June
<b>Revenues:</b>			
Rentals			
Laundry			
Domestic Electricity			
GST Rebate			
Cheques received from NLHC			
EFT from NLHC			
Other (specify) _____			
<b>Total Revenue</b>			
<b>Expenses:</b>			
Heat & Light			
Insurance			
Janitorial & Garbage Removal			
Snow Clearing			
Property Taxes			
Water & Sewer Taxes			
Maintenance & Repairs			
EFT Deduction - NLHC			
Bad Debts			
Tenant Association Fees			
Fire Extinguisher/Alarm/Sprinkler Inspection			
Elevator Inspection/Elevator Phone			
Other (specify)			
Other (specify)			
Administration Expenses			
<b>Total Expenses</b>			

# QUARTERLY REPORT

For the Period

\_\_\_\_\_ Date \_\_\_\_\_

Group Name: \_\_\_\_\_ Address: \_\_\_\_\_

Phone No: \_\_\_\_\_

Contact Person: \_\_\_\_\_

	Actual for July	Actual for August	Actual for September
<b>Revenues:</b>			
Rentals			
Laundry			
Domestic Electricity			
GST Rebate			
Cheques received from NLHC			
EFT from NLHC			
Other (specify) _____			
<b>Total Revenue</b>			
<b>Expenses:</b>			
Heat & Light			
Insurance			
Janitorial & Garbage Removal			
Snow Clearing			
Property Taxes			
Water & Sewer Taxes			
Maintenance & Repairs			
EFT Deduction - NLHC			
Bad Debts			
Tenant Association Fees			
Fire Extinguisher/Alarm/Sprinkler Inspection			
Elevator Inspection/Elevator Phone			
Other (specify)			
Other (specify)			
Administration Expenses			
<b>Total Expenses</b>			

# QUARTERLY REPORT

For the Period

\_\_\_\_\_ Date \_\_\_\_\_

Group Name: \_\_\_\_\_ Address: \_\_\_\_\_

Phone No: \_\_\_\_\_

Contact Person: \_\_\_\_\_

	Actual for October	Actual for November	Actual for December
<b>Revenues:</b>			
Rentals			
Laundry			
Domestic Electricity			
GST Rebate			
Cheques received from NLHC			
EFT from NLHC			
Other (specify) _____			
<b>Total Revenue</b>			
<b>Expenses:</b>			
Heat & Light			
Insurance			
Janitorial & Garbage Removal			
Snow Clearing			
Property Taxes			
Water & Sewer Taxes			
Maintenance & Repairs			
EFT Deduction - NLHC			
Bad Debts			
Tenant Association Fees			
Fire Extinguisher/Alarm/Sprinkler Inspection			
Elevator Inspection/Elevator Phone			
Other (specify)			
Other (specify)			
Administration Expenses			
<b>Total Expenses</b>			

# PROPOSED OPERATING BUDGET FORM

Sponsor Group: \_\_\_\_\_

Location: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone #: \_\_\_\_\_ Fiscal Year: \_\_\_\_\_

	Current Budget	Proposed Annual Budget	April	May	June	July	Aug	Sept	Oct	Nov
<b>Revenues:</b>										
Rentals										
Laundry										
Domestic Electricity										
GST Rebate										
Cheques received from NLHC										
EFT from NLHC										
Other (specify)										
<b>Total Revenue</b>										
<b>Expenses:</b>										
Heat & Light										
Insurance										
Janitorial & Garbage Removal										
Snow Clearing										
Property Taxes										
Water & Sewer Taxes										
Maintenance & Repairs										
EFT Deduction - NLHC										
Bad Debts										
Tenant Association Fees										
Fire Extinguisher /Alarm/ Sprinkler Inspection										
Elevator Inspection/ Elevator Phone										
Other (specify)										
Other (specify)										
Administration Expenses										
<b>Total Expenses</b>										
<b>Net Loss to be Subsidized</b>										
<b>Mortgage Payments to NL Housing Subsidy Group</b>										

See Next Page

	Dec	Jan	Feb	Mar	Total Monthly Subsidies
<b>Revenues:</b>					
Rentals					
Laundry					
Domestic Electricity					
GST Rebate					
Cheques Received from NLHC					
EFT from NLHC					
Other (specify)					
<b>Total Revenue</b>					
<b>Expenses:</b>					
Heat & Light					
Insurance					
Janitorial & Garbage Removal					
Snow Clearing					
Property Taxes					
Water & Sewer Taxes					
Maintenance & Repairs					
EFT Deduction - NLHC					
Bad Debts					
Tenant Association Fees					
Fire Extinguisher /Alarm/ Sprinkler Inspection					
Elevator Inspection/ Elevator Phone					
Other (specify _____)					
Other (specify) _____					
Administration Expenses					
<b>Total Expenses</b>					
<b>Net Loss to be Subsidized</b>					
<b>Mortgage Payments to NL Housing Subsidy Group</b>					

## ANNUAL CALENDAR

Month	Activity	Completed
<b>APRIL</b>	Prepare and Submit quarterly cash flow statement – 4 <sup>th</sup> Quarter (Due April 20 <sup>th</sup> ).	
	Contact bookkeeper and auditor to co-ordinate audit.	
	Appoint Nominating Committee to recruit potential Board Directors for Annual General Meeting.	
	Revise Tenant Profiles on the Client Data Forms (Due July 31 <sup>st</sup> )	
	Receive and approve budget from Housing	
<b>MAY</b>	Prepare reports for Annual General Meeting.	
	Continue Revisions to Tenant Profiles on the Client Data Forms (Due July 31 <sup>st</sup> )	
<b>JUNE</b>	Annual General Meeting:	
	<ul style="list-style-type: none"> <li>• Board and Committee Reports;</li> </ul>	
	<ul style="list-style-type: none"> <li>• Auditor’s Report and Audited Financial Statements (Due July 31<sup>st</sup>)</li> </ul>	
	Appointment of Auditor for new fiscal year;	
	Election of Officers.	
	Continue Revisions to Tenant Profiles on the Client Data Forms (Due July 31 <sup>st</sup> )	
<b>JULY</b>	Prepare and Submit quarterly cash flow statement – 1 <sup>st</sup> Quarter (Due July 20 <sup>th</sup> ).	
	Forward two copies of the Audited Financial Statement to NL Housing (Deadline July 31 <sup>st</sup> )	
	Submit Completed Client Data Forms (Due July 31 <sup>st</sup> )	
	Submit Completed Client Data Forms (Due July 31 <sup>st</sup> )	
	Annual Planning Meeting for Board/ Committees.	
	Appoint Committee for preparation of budget considerations, and review Budget submitted by Housing.	
<b>AUGUST</b>	Progress report on budget preparation.	
<b>SEPTEMBER</b>	Prepare and review budget notes to compare against Budget to be submitted by NL Housing.	
<b>OCTOBER</b>	Prepare and Submit quarterly cash flow statement – 2 <sup>nd</sup> Quarter (Due October 20 <sup>th</sup> ).	
	Attend NL Housing Sponsored Annual Conference for Sponsors.	
	Submit comments to NL Housing on Budget.	
Month	Activity	Completed

<b>NOVEMBER</b>	Forward budget to NL Housing for review (deadline is December 1).	
<b>DECEMBER</b>	Circulate memo on fire safety.	
	Host social event for the volunteers and tenants.	
<b>DECEMBER</b>	Circulate memo on fire safety.	
	Host social event for the volunteers and tenants.	
<b>JANUARY</b>	Prepare and Submit quarterly cash flow statement – 3 <sup>rd</sup> Quarter (Due January 20 <sup>th</sup> ).	
	Evaluate status of snow clearing (i.e. cost vs. budget).	
	Send notices of income reviews to tenants.	
<b>FEBRUARY</b>	Prepare for new year's activities.	
	Carry out income reviews.	
	Review all lease agreements with tenants.	
<b>MARCH</b>	Review budget remarks for new year's budget.	

**ANNUAL MAINTENANCE  
CALENDAR**

<b>Month</b>	<b>Activity</b>	<b>Completed</b>
<b>JANUARY</b>	Test Emergency Lighting System.	
<b>FEBRUARY</b>	Inspect attics (if applicable).	
	Service kitchen, laundry appliances.	
<b>MARCH</b>	Inspect plumbing.	
<b>APRIL</b>	Inspect ventilation systems.	
<b>MAY</b>	Arrange for grounds work and general maintenance.	
<b>JUNE</b>	Bulk garbage.	
	Ensure fire evacuation plan is posted in all buildings.	
	Fire drill (where applicable).	
<b>JULY</b>	Inspect hot water heater.	
	Clean walls, paint (if necessary)	
<b>AUGUST</b>	Start annual unit inspections.	
<b>SEPTEMBER</b>	Complete annual unit inspections before budget for submission.	
	Heating.	
	Electrical sockets.	
<b>OCTOBER</b>	Service fire extinguishers, inspect and test fire alarm and sprinkler systems.	
	Inspect dryer exhaust vent hose.	
	Inspect roof.	
	Inspect Flooring.	
<b>NOVEMBER</b>	Finalize Contract for snow removal service (where applicable).	
	Get quotes for groundskeeping service (where applicable).	

Jan 15, 2010

Mr.  
St. John's, NL

Dear Mr.     :

**Account No.:**

Our records indicate that your Lease with Newfoundland Labrador Housing will expire on May 1<sup>st</sup>, 2010.

Attached is a REVIEW OF HOUSEHOLD INCOME AND COMPOSITION form to be completed as outlined and returned with proof of current monthly income for all household members from any source, i.e. Employment Income, Pension Income, Employment Insurance, Workers Compensation, Social Assistance, Interest Income etc., proof may be in the form of cheque stubs, Account Statements or written confirmation from the issuing source. For those on Pension Income, please contact Service Canada at 1-800-277-9914 to obtain verification of current Old Age Pension, Canada Pension Plan and Guaranteed Income Support.

In addition, you must also provide an Option C Print-out for the last Taxation year, for each household occupant having income as indicated on the Household Income and Composition Review form.

This documentation must be provided, whether or not an individual filed a Tax Return for the last Taxation year.

The Option C Print-out may be obtained by contacting Revenue Canada at 1-800-959-8281 and requesting a copy. The above mentioned forms must be returned to this office by January 30, 2010.

Yours truly,

# RENTAL APPLICATION

<p><b>Privacy section:</b> Newfoundland and Labrador Housing Corporation (NLHC) is subject to the <i>Access to Information and Protection Privacy Act</i>. Applicants/clients have a right of access to the existence, use and disclosure of their personal information.</p>	<p>Office Use Only</p> <p>Application#: _____</p> <p>Date Received: _____</p>
--	---

NOTE: Incomplete applications will be returned unprocessed.

## 1. APPLICANT INFORMATION

Social Insurance Number: \_\_\_\_/\_\_\_\_/\_\_\_\_ Income Support File Number (if applicable): \_\_\_\_\_

Applicant: \_\_\_\_\_  
(Title: Mr. Miss. Ms.) (First name) (Initial) (Last Name)

Where can you be contacted? \_\_\_\_\_  
(Street/Apartment) (P.O.Box)

\_\_\_\_\_  
(City/Town) (Province) (Postal Code)

Telephone: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_ (Cell) \_\_\_\_\_

Email Address: \_\_\_\_\_

Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_ Gender: \_\_\_\_\_  
D M Y

Marital Status:  Single  Married  Widowed  Divorced  Separated  Common-Law

Aboriginal:  Yes  No Do you have a current application with the City of St. John's:  Yes  No

I hereby give consent for: \_\_\_\_\_  
(Name) (Relationship)

to make enquiries or act on my behalf regarding this application.

Telephone: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_ (Cell) \_\_\_\_\_

## 2. HOUSEHOLD OCCUPANTS

List all occupants who will be living with you and the dependants for whom you have joint or sole custody.

	Full Name	Relationship to Applicant*	Marital Status*	Gender	Date of Birth D M Y	Social Insurance Number"
1.	_____	_____	_____	_____	____/____/____	____/____/____
	<small>(Co-applicant)</small>					
2.	_____	_____	_____	_____	____/____/____	____/____/____
3.	_____	_____	_____	_____	____/____/____	____/____/____

Please see "Section 9 if more than four household occupants" (SIN required by NLHC to operate its programs and services)

Is anyone in the household expecting a child affects bedroom requirement(s)?  Yes  No

Due date: \_\_\_\_/\_\_\_\_/\_\_\_\_ + Relationship to Applicant can be either Spouse, Child, Other Relative, Or Not Related  
"Marital Status can be either Single, Married, Widowed, Divorced, Separated, or Common Law





8. CLIENT CONSENT FORM FOR RELEASE OF INFORMATION

Pursuant to the Access to Information and Protection of Privacy Act (ATTIPA)

The purpose of this form is to provide consent to the release of personal information which is protected and governed by the Access to Information and Protection of Privacy Act (ATIPPA) and will be used solely for verifying eligibility for NL Housing programs.

As stated in the Access to Information and Protection of Privacy Act (ATIPPA), all clients have the right to protection of their personal information, have the right to access their personal information that is held within the department, and have the right to access their personal information if there has been an error or omission.

Name of Client: \_\_\_\_\_ Co-leaseholder: \_\_\_\_\_

Address: \_\_\_\_\_

**Client Consent to Release and Exchange Personal Information**

I give consent to NL Housing to obtain and verify information or documents required to confirm my eligibility or the eligibility of family members (spouse, common-law spouse, children or dependant student), for NL Housing programs. This consent also applies if I am a current NL Housing leaseholder.

I give consent to any department to obtain and verify information or documents to release them to NL Housing's employees. Some examples of these departments, agencies or individuals include, but are not limited to: Human Resources and Skills Development Canada – Service Canada; provincial departments of Education and Early- Childhood Development, Health and Community Services and Finance; the Workplace, Health, Safety and Compensation Commission; regional health authorities; governments and agencies in other provinces and territories; employers; or other organizations or individual that may have information that is deemed necessary for NL Housing to verify eligibility for programs and services.

**Responsibilities**

I/we agree to report to NL Housing any changes in my/our circumstances or the circumstances of my family (spouse, common-law spouse, children or dependant student), that may affect eligibility for NL Housing programs and services or my/our current tenancy agreement with NL Housing.

**Rights**

I/we understand that by signing this consent form I/we am in agreement with the information collected and deem it to be complete and true.

I/we understand that I/we may withdraw this consent at any time and consent was given voluntarily.

If I/we do not sign this form or do not want to consent to service providers sharing information about me, I/we understand that I/we can still get services if I/we am eligible and services are available.

This consent expires automatically within three (3) months after I/we cease to avail of the NL Housing program or service or tenancy that it relates to unless my/our consent is withdrawn prior to that date

\_\_\_\_\_  
Signature of Client Consenting to Release

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Co-Leaseholder Consenting to Release

\_\_\_\_\_  
Date



This lease made (in duplicate), this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**BETWEEN**

\_\_\_\_\_  
(Hereinafter called the "Landlord")

**OF THE FIRST PART:**

**AND:**

\_\_\_\_\_  
(Hereinafter called the Tenant(s) / Leaseholder(s))

**OF THE SECOND PART**

- Leased Premises**      1      In consideration of the rents, agreements and obligations stated in this Lease and of the facts stated in the Tenants application to Lease, the Landlord hereby leases to the Tenant the following premises, hereafter called the "Leased Premises," situated at \_\_\_\_\_, Unit \_\_\_\_\_.
- Act**                      2      The Act as referenced in this Lease shall mean the "**Residential Tenancies Act**".
- Term**                     3      (a) This Lease shall be in effect for one (1) month from the first day of \_\_\_\_\_, 20\_\_ to the last day of \_\_\_\_\_, 20\_\_ and, thereafter, from month to month.
- Rent Lock-In Clause**      (b) Without prejudice to the term of this Lease, the Landlord agrees that for 36 months from the date of commencement of this lease, on a month to month basis set out in 3(a), above, the rent will not be increased.
- Increase in Rent Upon Change of Occupancy**      4      Provided however that should the number of occupants of the Leased Premises increase beyond the persons specified in Clause 10(a) of this Lease, the landlord may review, and the Tenant shall provide, all necessary supporting information verifying the household composition and the total household income from all sources of all occupants, whereupon the Landlord may increase the rent with effect upon the date of change of occupancy, in accordance with the procedures set out elsewhere in this Lease relating to the reporting of income. Clause 10(a) also requires that proper permission be sought for any increase in the number of occupants, excepting any natural increase in the Tenants family.
- Rent Abatement**              5      When decreases in the total household income and/or changes in family composition occur, the rent may be temporarily abated from time to time to reflect such changes and may be increased from time to time to a maximum of the rent specified in Clause 6. In requesting a rent abatement, the Tenant shall submit an application in such form as the Landlord may prescribe.
- Rent Payable During Term**      6      During the tenancy the Tenant shall pay the sum of \$\_\_\_\_\_ representing the rent payable to the Landlord on the first day of each month and for the Term of the Lease. Such payments to be made to the Landlord at \_\_\_\_\_.
- Pro-Rated Rent**              7      A pro-rated rent in the amount of \$\_\_\_\_\_ based upon the rent payable in Clause 6 shall be paid in advance to cover the broken period from the \_\_\_\_\_, 20\_\_ to the last day of \_\_\_\_\_, 20\_\_.

**Services Provided by the Landlord**      **8**      The following services and appliances are supplied by the Landlord and are included in the rent:

**Description of Services**

Refrigerator  
Stove

Electricity charge for \_\_\_\_\_ Bedroom will be      \$ \_\_\_\_\_/month  
Laundry charge:      \$ \_\_\_\_\_/month

**STATUTORY CONDITIONS**

The following statutory conditions apply: (Section 8 of the Act)

**Obligation of the Landlord**      **9**      **(a)** The Landlord shall maintain the premises in a good state of repair and fit for habitation during the tenancy and shall comply with a law respecting health, safety.

Paragraph (a) applies regardless of whether, when the Landlord and Tenant entered into the Rental Agreement, the Tenant had knowledge of a state of non-repair, unfitness for habitation or contravention of a law respecting health, safety or housing in the premises.

**Obligation of the Tenant**      **(b)** The Tenant shall keep the premises clean, and shall repair damage caused by a wilful or negligent act of the Tenant or of a person whom the Tenant permits on the premises;

**Entry of Premises**      **(c)** Except in the case of an emergency or abandonment, the Landlord shall not enter the premises without the consent of the Tenant unless

(i) notice of termination of the Rental Agreement has been given and the entry is at a reasonable time for the purpose of exhibiting the premises to a prospective Tenant or purchaser and reasonable effort has been made to give the Tenant at least four (4) hours notice; or

(ii) the entry is made at a reasonable time and written notice of the time of the entry has been given to the Tenant at least twenty-four (24) hours in advance of the entry; or

(iii) the Tenant has abandoned the premises under section 27 of the Act.

**Entry Doors**      **(d)** Except by mutual consent, neither the Landlord nor the Tenant shall, during the use or occupancy of the premises by the Tenant, alter a lock or locking system on a door that gives entry to the premises;

**Peaceful Enjoyment**      **(e)** (i) The Tenant shall not unreasonably interfere with the Rights of a Landlord or other Tenants in the premises, a common area or the property of which they form a part.

(ii) The Landlord shall not unreasonably interfere with the Tenants peaceful enjoyment of the premises, a common area or property of which they form part.

**TENANT OBLIGATIONS**

The Tenant covenants and agrees with the Landlord

**Occupation of Premises**      **10**      **(a)** To use and occupy the Leased Premises only as a private residence for occupation by the Tenant and the following persons:

**NAME**

**DATE OF BIRTH**

**RELATIONSHIP  
TO TENANT**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Together with any natural increase in the tenant's family and not to allow any other persons to occupy the Leased Premises without the prior written consent of the Landlord.

**Failure to comply with this sub-clause will disqualify the Tenant from continued occupancy of the Leased Premises.**

<b>Payment of Rent</b>	<b>(b)</b> To pay rent on the due dates.
<b>Service Charges</b>	<b>(c)</b> To pay all public and private utility and other service charges, other than those which are included in the Rent under Clause 8, Services provided by the Landlord.  <b>Should the Tenant fail to do so, the Landlord may pay same and charge them to the Tenant and the same may be collected from the Tenant in the same manner as rent.</b>
<b>Notification of Repair</b>	<b>(d)</b> To inform the Landlord immediately of any items in need of repair.
<b>Inspection</b>	<b>(e)</b> To permit the Landlord and persons having authority from the Landlord, upon 24 hours written notice, to enter upon the Leased premises for the purposes of inspecting the condition thereof and making necessary repairs; such entry to be made only during daylight hours, or at other hours consented to by the Tenant. It is understood; however, that in cases of emergency, immediate entry may be made at any time without notice.
<b>Sublet</b>	<b>(f)</b> Not to assign or sublet the Leased Premises or any part thereof; nor shall lodgers, roomers or boarders be kept therein.
<b>Fire Hazards</b>	<b>(g)</b> (i) Not to keep any flammable liquids or materials within, or adjacent to the Leased Premises, except for small quantities required for normal household use, any such materials shall be kept in Canadian Standards Association (CSA) approved containers. Nor shall the Tenant allow any activity or permit any condition to exist on the Leased Premises that will create a fire hazard;  (ii) To accept full responsibility for any damage to the leased premises and/or injury to any person(s), resulting from cooking with fat done by themselves or any person permitted access to the property. The Tenant further covenants and agrees that any such cooking with fat, shall only be undertaken using appliances or equipment which have been approved by the Canadian Standards Association (CSA) for such use, and which appliances or equipment are deemed to be fit for the use intended.
<b>Supplementary Conditions</b>	<b>(h)</b> To comply with the supplementary conditions, which are attached as Schedule "A" and form part of this Lease, as well as any reasonable additions and changes to same that the Landlord may make and communicate to the Tenant. The Tenant shall ensure that the same are also observed by members of the household and by visitors;
<b>Alterations</b>	<b>(i)</b> Not to make any alterations to, or paint or wallpaper in the Leased Premises or alter the equipment or install fixtures therein without first obtaining the written consent of the Landlord. <b>All such alterations shall immediately become the property of the Landlord without payment of any compensation to the Tenant.</b>
<b>Water Damage</b>	<b>(j)</b> That the Tenant shall be held strictly responsible for any loss or damage to other dwelling accommodations in the Housing Development, and to their appointments, resulting from overflow of water in the Leased Premises or from windows being left open in the Leased Premises so as to admit rain or snow or cause freezing of water pipes or of heating equipment.
<b>Business</b>	<b>(k)</b> That Home based business is not permitted in our Rental Units without

the expressed written consent of the Landlord, nor shall the Tenant use same for any illegal purpose whatsoever.

**Pets and Animals**

**(l)** The Tenant agrees not to allow or keep in or about the Leased Premises any animals or pets.

**Motor Vehicles**

**(m)** With respect to motor vehicles, the Tenant agrees that the Tenant family, visitors and other persons permitted upon the premises shall accept and abide by the following conditions governing Parking within the Project area in which the Leased Premises are located;

(i) Motor vehicles shall be parked in a proper manner in or on parking areas, driveways or streets, where by designation it is proper and/or legal so to park;

(ii) Under no circumstances may such vehicles be parked in or upon open spaces, landscaped areas and other like spaces;

(iii) A motor vehicle which is not roadworthy and/or is not furnished with a current valid license plate shall not be left or parked in or upon the project area.

(iv) No motor vehicle shall be repaired or dismantled in the project area.

The Tenant further agrees that the Landlord shall have the right, upon 24 hours notice, to require the removal from the project area of any motor vehicle not conforming to the conditions set out above. If the vehicle is not removed after notice, the Landlord or Landlords agent may remove it.

Provided however that if any motor vehicle is left in a hazardous or unsightly state of disrepair, or parked in such a way as to impede the safe and efficient movement of traffic and pedestrians, the Landlord or Landlords agent may remove such vehicle forthwith without notice.

Where the Landlord is obliged to remove such vehicles, the Landlord shall not be liable in any way to action by the Tenant for costs/or damages to the vehicle or its contents.

At the discretion of the Landlord upon the removal of the vehicle, the Landlord may either store it for ten (10) days after which the Landlord may proceed with sale of the vehicle, or dispose of it in a manner deemed fit and the costs if any, of towing, storage and disposal shall be recoverable from the Tenant.

**Noise**

**(n)** That neither the tenant, their family, household, visitors, nor other persons whom they permits upon the premises shall make, permit or allow any improper noise to be made in or about the Leased Premises or do or permit anything which will annoy, disturb or interfere in any way with the comfort of other Tenants in the area and shall not repeat or persist in making such noise, interference or disturbance or not permit or allow the same to be made after a request to discontinue the same has been made by the Landlord.

**Damage to Premises**

**(o)** That he shall be strictly responsible for damage to any premises of the Landlord caused by the wilful or negligent conduct of the Tenant, his family, household, visitors and other persons whom he permits upon the premises.

**Transfer to Other Accommodation**

**(p)** The Tenant understands and agrees that their right to continue in occupancy is relative to the number of persons occupying the unit. The Tenant may be requested to vacate said premises or may be obliged to accept a larger or smaller accommodation if the number of persons occupying increases or decreases. The Landlord will provide the Tenant with reasonable notice and in any case not less than one (1) month to effect removal from the Tenant's present dwelling to smaller or larger accommodation as the case may be.

**Crime Free and Safe Housing**

**(q)** (i) The Tenant(s), any member of the Tenant(s)'s household, Tenant(s)'s guest(s), and any person under the Tenant(s)'s control shall not engage in or facilitate criminal

activity on the leased premises or on Landlord's property, which includes the Leased Premises.

(ii) The Tenant(s), any member of the Tenant(s)'s household, Tenant(s)'s guest(s), and any person under the Tenant(s)'s control shall not permit the Leased Premises to be used for, or to facilitate, criminal activity, regardless of whether the individual engaging in such activity is a member of the household, or a guest.

(iii) The Tenant(s), any member of the Tenant(s)'s household, Tenant(s)'s guest(s), and any person under the Tenant(s)'s control shall not jeopardize or threaten the health, safety, and welfare of the Landlord, the Landlord's employees or agent, or any other tenant or tenants of the Landlord, or engage in or facilitate any breach of the lease agreement by engaging in an activity that jeopardizes or threatens the health, safety, and welfare of the Landlord, the Landlord's employees or agent, or any other tenant or tenants of the Landlord.

(iv) The Tenant(s), any member of the Tenant(s)'s household, Tenant(s)'s guest(s), and any person under the Tenant(s)'s control shall not engage in any activity or behaviour that jeopardizes or threatens the peaceful enjoyment of the Leased Premises, the premises of another tenant of the Landlord or a neighbour of the Landlord living in the area of the Leased Premises.

(v) As between the Landlord and the Tenant(s), as a Tenant(s) the Tenant(s) agrees that the Tenant(s) shall be vicariously liable for the criminal activity of any member of the Tenant(s)'s household, Tenant(s)'s guest(s), and any person under the Tenant(s)'s control, whether or not the Tenant(s) had knowledge of the activity or whether or not the household member or guest was under the Tenant(s)'s control.

(vi) The Landlord and the Tenant(s) agree that one or more violations of subsections 10 (q) I, ii, iii, or iv of this lease Section shall constitute a substantial violation and a material non-compliance with the Lease and that any such violation is grounds for termination of the Lease and eviction of the Tenant(s) from the Leased Premises. Unless otherwise required by law, proof of violation shall not require a criminal conviction, but shall be by a preponderance of the evidence as determined by the Landlord in its sole discretion.

(vii) In case of conflict between the provisions of the addendum and any other provisions of the lease, the provisions of the addendum shall govern.

(viii) For purposes of the Lease Section, the meaning of criminal activity shall include committing an act of: arson, murder, child pornography, a sexual offence involving a person under the age of majority, keeping a place of prostitution, causing bodily harm to another, theft, uttering threats of bodily harm against another, sexual assault, possession of explosives or incendiary devices, illegal gambling, prohibited sales and possession of alcohol, wilful damage to property, possession of a narcotic or a controlled substance for the purpose of trafficking, or attempting to commit any of the foregoing activities.

(ix) The Tenant(s) agrees to advise the Landlord immediately should the Tenant(s) or anyone residing in the Leased Premises with the Tenant(s), including a guest of the Tenant(s) be placed on the National Sex Offender Registry for Canada. Should the Landlord become aware of such a circumstance whether as a result of advice obtained from the Tenant(s) or from advice provided to the Landlord from a parole or probation officer or a police officer acting in his or her official capacity and the Landlord in its sole discretion forms the view that the presence of that person jeopardizes or threatens or in the opinion of the Landlord is likely to jeopardize or threaten the health, safety, and welfare of the Landlord, or another tenant or neighbour of the Landlord's living in the area of the Leased Premises of the peaceful enjoyment of the property of the Landlord, or another tenant or neighbour of the Landlord living in the area, then unless that person voluntarily vacates the Leased Premises of the landlord within 48 hours of the Tenant(s) being advise buy the Landlord of the Landlord's view that the presence of such a person jeopardizes or threatens or is likely to jeopardize or threaten the health, safety, and welfare of the Landlord, or the Landlord's Tenant(s) or the peaceful enjoyment of the property of any other tenant of the Landlord ort the peaceful enjoyment of the property if a neighbour of the Landlord, then the Landlord may serve notice to vacate on the Tenant(s).

(x) Notwithstanding the content of subsection 10 (q) ix of this Lease section, if the Landlord has other premises available for rent where a person whose name is placed on the National Sex Offender Registry might reside in the Landlord's opinion without jeopardizing or threatening or being likely to jeopardize or threaten the health, safety, and welfare of the Landlord, or another tenant or neighbour of the Landlord's living in the area of the Leased Premises of the peaceful enjoyment of the property of the Landlord, or another tenant or neighbour of the Landlord living in the area and the Tenant(s) otherwise qualifies under the Landlord's rental rules and program for such space and the Tenant(s) wishes relocate to those other premises, the Landlord shall offer those other premises to the Tenant(s) in substitution for those offered under this lease and if the Tenant(s) is agreeable the Landlord and Tenant(s) shall enter into a new lease in substitution for those premises in substitution for these Leased Premises.

## **LANDLORD OBLIGATIONS**

### **The Landlord agrees with the Tenant**

#### **Appliances and Services**

11

(a) To maintain the appliances and services listed in Clause 8 above by keeping such appliances in proper working order, except where damaged by the wilful or negligent act of the Tenant, family or visitors, in which case, responsibility for repairs shall be borne by the Tenant.

#### **Heat**

(b) To provide a heating system capable of delivering heat to the Leased Premises up to reasonable temperature, in accordance with Municipal Regulations or the current Canadian Residential Standards, whichever is applicable, except during a breakdown or other circumstances beyond the control of the Landlord and except during the making of repairs, provided that such repairs are made with reasonable diligence.

#### **Access to Premises**

(c) That the Tenant, family, visitors and other persons wishing to deal with the Tenant are entitled to enter the Leased Premises through the main entrance to the building and through the lobbies, passageways, elevators and stairways leading to same;

#### **Common Areas**

(d) If the Leased Premises are situate in an apartment building containing common areas and the like shared with other Tenants, to provide janitorial services for the reasonable care and maintenance of the common areas and facilities of the building.

## **MUTUAL AGREEMENTS**

### **The Landlord and Tenant mutually agree as follows**

#### **Abandonment**

12

(a) Should the Tenant fail to take possession or vacate or abandon the Leased Premises without having given proper Notice to Quit to the Landlord, the Landlord may at any time thereafter without notice or demand re-enter and re-let the Leased Premises to any other persons as it may see fit without prejudice to its right to claim damages against the Tenant for unpaid rent or other losses or damage suffered by the Landlord.

**Any abandoned furniture and personal effects found in or about the Leased Premises may be dealt with in accordance with Section 28 of the Act;**

#### **Bankruptcy**

(b) Should either of the Leaseholders become bankrupt or insolvent, the Lease shall be immediately terminated by the Landlord;

#### **Incorrect Information**

(c) This Lease and the rent payable hereunder is based upon information supplied by the Tenant concerning household circumstances, family composition and total household income against which the Landlord's rent-to-income scale has been applied.

**Any misrepresentation knowingly and materially made by the Tenant will result in termination of this Lease by proper notice as provided in the Act.**

#### **Interpretation**

13

Whenever in this Lease reference is made to the Leaseholder, such reference shall be deemed to include the feminine as well as the masculine gender and the heirs, executors and administrators of the Leaseholder as the case may be, should there be more than one Leaseholder named, the

word "Leaseholder" shall be deemed to include each of such Leaseholders rights and obligations and in this Lease shall be construed as being both joint and several.

**Updated  
Statement  
of Income**

**14**

The Tenant agrees, at all times during the occupancy of the Leased Premises, to furnish the Landlord with an updated statement of income for each family member, as soon as any change in such income occurs. This statement of Income shall be in the form and content as requested by the Landlord and be supported by a copy of the latest Option C Printout, which may be obtained from the Canada Revenue Agency (CRA).

**Renewal**

**15**

(a) Where the tenant wishes to renew this Lease, they must signify this intention at least days prior to expiration of the period established in Clause 3(b). To allow the Landlord to determine total household income and continued eligibility, the Tenant must provide a statement of Income supported by an (Option C Printout), as well as any other supporting documentation that the landlord may require, for each household member residing in the residential premises. This supporting documentation must also indicate current household composition.

(b) The Tenant agrees that in support of the statement referred to in Clause 15(a), above, the Tenant shall furnish to the Landlord upon request the following Proof of Income for themselves and all other occupants having Income; an Option C Printout, T-4 slips, pay cheque stubs and any other similar evidence of income, and shall authorize the Landlord to verify income by contacting employers and other payers/issuers, and/or Canada Revenue Agency(CRA);

(c) The Tenant agrees that if there is an adjustment to the monthly rent as a result of the information provided in the above referred to subsection, notice of such adjustments shall be communicated by letter and the Tenant acknowledges that all other terms and conditions of the Lease will remain in full force and effect.

**Recalculation  
of Rent**

**16**

In the event that the Tenant furnishes any incorrect or misleading information as to total household income, household composition or assets during application for rental of the premises or in any subsequent statement furnished pursuant to this Lease or any renewal thereof,

In addition to any other remedies which the Landlord may exercise, the rent shall be calculated, based upon the corrected information, in accordance with the Landlords rent-to-income scale and readjusted accordingly.

**In the event that such recalculation indicates that additional rent is owing, the Tenant shall, upon demand by the Landlord, forthwith pay such additional rent, including retroactive increases in the rent to the first month upon which rent was charged on the basis of the misleading or incorrect information aforesaid.**

**Damage by Fire  
and Lightning**

**17**

In the event that the Leased Premises are damaged by fire, lightning, tempest or any other fortuitous event, the Landlord shall have the option to terminate this Lease by notice in writing to that effect, given to the Tenant, without affecting any legal presumption in favour of the Landlord, or to repair or re-build the Leased Premises.

**Liability**

**18**

Should the Landlord decide to repair or re-build the Leased Premises and the enjoyment of the Leased Premises by the Tenant shall be materially interfered with by such repairs or re-building, the rent shall, during the period of repair or reconstruction, be abated in proportion to the extent to which the enjoyment of the Leased Premises is materially interfered with.

The Landlord shall not in any event whatsoever be liable or responsible in any way for:

(a) Any personal injury or death that may be suffered or sustained by the Tenant or any employee of the Tenant or any member of the Tenant's household, their guests, or any other persons who may be upon the rented premises of the Landlord; or

(b) Any loss of or damage or injury to any property including cars and contents thereof belonging to the Tenant or to any member of the Tenant's household or to any other person while such property is on the rented premises or on the premises of the Landlord; or

(c) Without limiting the generality of the foregoing, any damages to any such property caused by steam, water, rain or snow which may leak into, issue or flow from any part of the rented premises or the premises of the Landlord or from the water, steam or drainage pipes or plumbing works of the same or from any other place or quarter; or

(d) Any damages caused by or attributable to the condition or arrangement of any electrical or other wiring; or

(e) Any damage caused by anything done or omitted to be done by any tenant(s) of the Landlord;

Unless such damage, injury or death is a direct result of the Landlord's negligence.

**It is therefore imperative that each Tenant carry adequate personal liability and property insurance.**

## 19

(a) Except where the Landlord and Tenant agree in writing upon a Longer period of notice, the following Notice to Quit residential premises shall be given where the Leased Premises are let from Month to Month;

- (i) by the Landlord, not less than 3 months before the end of a Rental period.
- (ii) by the Tenant, not less than one month before the end of a Rental period

(b) A Notice to Quit under this section, shall be in Writing in the form prescribed by the Minister and shall:

- (i) be signed by the Landlord or an agent of the Landlord
- (ii) Identify the residential premises in respect of which the Notice is given.
- (iii) State that the tenancy is to terminate on the last day of a Rental period.

(c) A Notice by the Landlord to a tenant shall be in a form as prescribed by Residential Tenancies and the delivery of such notices shall be in accordance with Section 30 of the Act.

(d) Notwithstanding the periods of Notice in subsection 18(a) where a Month to Month Tenancy exist or is considered to exist and the Rent payable for the residential premises is in arrears for 15 days, the Landlord may give the Tenant Notice to Quit the Residential premises at the end of the Rental period, that would be determined as if the rent were paid monthly for the period in which the Tenant received the notice so long as the notice is given at least 10 days before the end of that Rental period.

(e) Where the Landlord has given the Tenant Notice to Quit under subsection 18 (c) above and before the end of the Rental period in which the Landlord has given the Tenant that notice, the rent payable for the residential premises is paid to the Landlord in full, the Notice to Quit is void and of no effect.

Subsection (e), does not apply where Notice under Subsection (d) has been given to a Tenant more than twice within a 12 month period.

Any Notice of Termination of the Rental Agreement, whether issued by the Landlord or the Tenant, shall be in accordance with the requirements of the Residential Tenancies Act.

**IN WITNESS WHEREOF**

The parties have executed the lease in duplicate at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**Witness:**

**Tenant:**

\_\_\_\_\_  
\_\_\_\_\_  
(Y)  
(X)

\_\_\_\_\_  
\_\_\_\_\_  
(Y)  
(X)

**Witness:**

**Landlord:**

\_\_\_\_\_

**Duplicate  
Lease**

The Tenant hereby acknowledges receiving a duplicate signed copy of this Lease.

**Tenant**

\_\_\_\_\_  
\_\_\_\_\_

## **SUPPLEMENTARY CONDITIONS**

**This is Schedule "A" referred to in the attached Lease.**

### **Moving**

1. Household furniture and effects of the Tenant shall not be taken into or removed from the Leased Premises except at such times and in such manner as may be previously consented to and approved by the Landlord and all damage to the Leased Premises or to the building of which they form a part caused by moving such furniture and effects into or out of the Leased Premises shall be made good by the Tenant.

### **Halls**

2. The sidewalks, passages, public halls, stairways, fire escapes and vestibules shall not be obstructed or used for any purpose other than gaining access to and from the Leased Premises.

### **Screens**

3. Window screens shall not be removed by the Tenant except for cleaning purposes and shall be replaced immediately thereafter.

### **Plumbing, Gas and Hydro**

4. The plumbing, gas and electrical equipment shall not be used for any purposes other than those for which they were constructed.

### **Wiring**

5. No additional heating units or electrical wiring shall be installed in the Leased Premises except with the approval in writing of the Landlord. The Tenant shall not overload the electrical circuit nor use fuses in excess of 15 amperes capacity in the lighting circuits.

### **Sills**

6. No articles of any description shall be hung from the windows, doors or balconies and nothing shall be placed on the exterior window sills.

### **Signs**

7. The Tenant shall not display any sign, advertisement or notice in or about the Leased Premises.

### **Garbage**

8. All garbage shall be properly wrapped and placed where directed by the Landlord and all other refuse shall be disposed of in such manner and at such times as the Landlord directs. Tenants residing in houses shall provide, at their own expense, garbage pails, receptacles or plastic garbage bags of a type satisfactory to the Landlord. If an incinerator chute is provided to tenants in multiple unit buildings, the Tenant shall take care not to use the incinerator chute for the disposal of aerosol cans or other explosive materials.

### **Keys**

9. The Tenant shall be furnished with two (2) keys to the Leased Premises and shall return to the Landlord all keys to the Leased Premises when vacating such premises.

### **Satellite Dish, Cable TV and Antenna**

10. No satellite dish, cable TV, radio or television antenna of any description shall be installed in or about the Leased Premises without prior written permission having been received from the Landlord.

### **Washing Machines**

11. Washing Machines shall not be permitted in apartment units unless special permission has been granted by the Landlord.

### **Vents**

12. Air-vents attached to steam radiators shall not be opened or tampered with by the Tenant or by members of the tenants household and radiator valves must be turned off tight or on full. Any damage to the plaster or ceilings in other dwelling accommodations in the Housing Development caused by neglect of these precautions shall be made good by the Tenant upon demand.

### **Smoke Detectors**

13. The Tenant shall not tamper with or disconnect any fire or smoke detector installed by the Landlord in the Leased Premises. The Tenant shall, at its cost, replace the batteries to keep the smoke detectors fully operative and, if a smoke detector malfunctions, the Tenant shall immediately report the malfunctioning to the Landlord.

### **Personal Property**

14. All personal property placed in the Leased Premises or in any storage rooms or parking areas in the Housing Development shall be at the sole risk of the owner of such personal property. The Landlord shall not be responsible for any loss or damage to such personal property from any cause whatsoever other than through the negligent or wilful conduct of the Landlord.

### **Ice, Snow and Slippery Conditions**

15. The removal of ice and snow from the entrance walks including the public sidewalks fronting and/or abutting on the Leased Premises shall be done by the Landlord.

### **Lawn**

16. Where a lawn or garden belongs in or adjoins the Leased Premises the same shall be maintained in good order and condition by the Landlord.

### **Conduct**

17. The Tenant shall respect the rights and privileges of the other tenants in the Housing Development.

### **Glass Breakage**

18. The Tenant is responsible for the cost of repair of any glass breakage including window and door glass and light fixture shades.

### **Smoking**

19. Tenant or any member of the Tenant's household, their guests, or any other person who may be upon the rented premises of the Landlord is not permitted to smoke in the building. They may do so at the area designated.

### **Insurance Coverage**

20. Tenants are encouraged to arrange insurance coverage for their personal possessions and furnishings etc., through the purchase of Tenants insurance with an insurer of their choice.

## **APPENDIX “C”**

# **MAINTENANCE REPORT SAMPLES**



## MOVE IN/MOVE OUT INSPECTION

Fill out in complete detail on the day the Tenant moves in and moves out.

**Address:** \_\_\_\_\_ **Sponsor's Name:** \_\_\_\_\_

**Tenant:** \_\_\_\_\_

**Lot No.:** \_\_\_\_\_ **Unit No.:** \_\_\_\_\_ **Account No.:** \_\_\_\_\_

Incoming Report Dated ____/____/____ Remarks	Condition O.K.		Condition O.K.	Outgoing Report Date ____/____/____ Remarks
		Kitchen	Stove	
			Fridge	
			Cupboards	
			Walls	
			Floors	
		Bathroom	Walls	
			Floors	
		Dining Room	Walls	
			Floors	
		Living Room	Walls	
			Floors	
		Bedroom	Walls	
			Floors	
		2 <sup>nd</sup> Bedroom	Walls	
			Floors	
			Windows	
			Basement	
			Other	

No. Of Keys Provided: \_\_\_\_\_

**CHARGES**

1. Cleaning floors, walls, cupboards,  
Windows and fixtures
2. Machine cleaning carpets
3. Cleaning stove, fridge and other appliances
4. Repair as follows:

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>Total</b>	<b>\$ _____</b>

No. Of Keys Returned: \_\_\_\_\_ The

undersigned tenant(s) certify that I/we have inspected the above mentioned unit and have found the unit and contents to be in condition as indicated. I/we understand that any future damage which occurs in this suite shall be rectified at my/our expense through direct billing or security deposit deduction.

(Incoming)

Inspector's Signature: \_\_\_\_\_

Tenant's \_\_\_\_\_ Signature:

(Outgoing)

Inspectors \_\_\_\_\_ Signature:

Tenant's Signature: \_\_\_\_\_

(Use back of Form for Additional Information)

## RECORD OF APPLIANCE AND/OR EQUIPMENT

Located at Address: \_\_\_\_\_

Lot No.: \_\_\_\_\_ Unit No.: \_\_\_\_\_ Account No.: \_\_\_\_\_

Sponsor Name: \_\_\_\_\_ Tenant Name: \_\_\_\_\_

Date of Record Update: \_\_\_\_\_ Appliance/Equipment Type: \_\_\_\_\_ Make and Description: \_\_\_\_\_

Serial No.: \_\_\_\_\_

Decal No.: \_\_\_\_\_ P.O. No.: \_\_\_\_\_ Cost: \$ \_\_\_\_\_ Date Purchased: \_\_\_\_\_

Supplier: \_\_\_\_\_ Guarantee Expires: \_\_\_\_\_

Service Contract Term: \_\_\_\_\_ Service Contract Cancelled: \_\_\_\_\_

When Serviced: \_\_\_\_\_ Service Cost: \_\_\_\_\_

LOCATION OF ITEM			RECORD-CONTRACT SERVICE INSPECTIONS						
Date	Office/House	Room	Year	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec

### RECORD OF REPAIRS

Date	Work Done	Name of Worker	Total Cost



## **APPENDIX “D”**

# **A GUIDE FOR THE PREPARATION OF ANNUAL FINANCIAL STATEMENTS**

**INFORMATION FOR AUDITORS**

Newfoundland and Labrador Housing (NLHC) provides subsidy assistance to a number of Community Based Housing Sponsors through the Federal/Provincial Non-Profit Housing Program, the Municipal Non-Profit Program, the Urban Native Program and the Rural and Native Housing Program.

For each Project an Operating Agreement has been entered into between NLHC and the Project Sponsor. Under the terms of this agreement the Sponsor provides rental housing for low and moderate income households on behalf of the Governments of Canada and Newfoundland and Labrador.

The Sponsor, in order to continue to qualify for subsidy assistance must administer the project within the terms and conditions of the Operating Agreement. To assist Sponsors in the proper administration of their Projects an Operating Guide has been developed for their use.

One of the requirements of the Operating Agreement is that audited Financial Statements must be submitted to NLHC within four (4) months of the fiscal year end normally March 31<sup>st</sup>. Final subsidy payments for each fiscal year are determined based on the revenues and expenses as presented in the audited statements. It is important, therefore that the Auditors ensure in rendering their opinion that the revenue and expenses presented are indeed in accordance with the Operating Agreement.

The Auditor selected by the Sponsor must be licensed by the Public Accounting Licensing Board. NLHC will recognize only audits performed by licensed individuals.. Annually the Sponsor and Auditor sign-off on a letter of engagement that ensures all parties are aware of the auditors duties. The Sponsor will review the letter of engagement, and if satisfied with the scope and methodology of the audit, as set out by the Auditor, will indicate agreement by signing the letter of engagement. Once the letter of engagement is executed by the two parties a copy is to be sent by the Auditor in advance of the commencement of the audit to the Accounting Officer, Program Delivery, NLHC, P.O. Box 220, St. John's, NL A1C 5J2.

The Auditors must use the format as set out in this guide in preparing the annual statements. Included in the guide is a description of each revenue and expense classification as well as a sample set of financial statements with supporting notes.

**The Specific duties of the auditors detailed in the Operating Agreement and requirements of NLHC include:**

- Verification of the statement of revenues and expenses. For Sponsors with more than one project, a separate statement of revenues and expenses is required for each program. However, where more than one phase is operated under the same program a single consolidated statement may be presented for the combined projects.
- Verification of the balance sheet, and the statement of changes in Financial Position.
- Provision of an Auditor's Report.
- Provision of a statement indicating whether or not tenant incomes have been verified, and rent calculations are correct. Verification of income must be updated annually by the Sponsor for all tenants. Provision of a statement to the effect that the Replacement Reserve Fund has been properly maintained, and that all interest accruing to the fund has been recorded.
- Provision of the Auditor's Confirmation as outlined in this Guide.
- Provision of a Management letter outlining areas of concern relative to financial control or other pertinent matters. Copies of this letter must be provided to NLHC.

Should the Auditors require clarification regarding anything in the Operating Agreement, the operating guidelines – the financial statement guideline, they should contact the local NLHC Regional Office for additional information.

Each year, NLHC receives numerous financial statements from Sponsor groups. In order to provide consistency in financial statement presentation, NLHC has developed a standard financial statement format to be used by all Sponsors.

This guide outlines the information to be included in the annual audited Financial Statements. Please provide it to the auditor to be used as a guideline in preparing the audited Financial Statements. Use of this format will help NLHC be more efficient in administration of these programs.

This Guide has incorporated certain accounting procedures and also incorporates the specific requirements of the Federal/Provincial Program Operating Agreements.

The financial statement example outlines in this guide is for a fictitious Non-Profit Housing project “XYZ Project Inc.”, with a fiscal year end of March 31<sup>st</sup>. Our example is for the year ended March 31, 2016.

For Rural and Native Housing projects, this example should be followed, but references to fixed assets, long-term debt and replacement reserves are not applicable.

**XYZ PROJECT INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**FINANCIAL STATEMENT FORMAT  
FOR COMMUNITY BASED  
NON-PROFIT HOUSING SPONSOR GROUP**

**AUDITOR'S REPORT**

**TO: THE BOARD OF DIRECTORS  
XYZ PROJECT INC.**

We have audited the balance sheet of XYZ Project Inc. as at (date) and the statements of revenue and expenditure and changes in financial position for the year ten ended. These financial statements are the responsibility of the Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the project as at (date) and the results of its operations and changes in its financial position for the year then ended, in accordance with generally accepted accounting principles.

---

Auditor's Signature

Municipality, Newfoundland and Labrador  
Date

**1) ASSETS**

**Cash and Short-Term Deposits:** Includes petty cash, unrestricted cash in bank and short-term deposits.

**Accounts Receivables:** Includes uncollected rents, HST rebates, tenant damages, etc. These amounts are detailed in Note 2 to the Financial Statements.

**NLHC Receivable:** Includes accrued NLHC subsidy, as detailed in Note 3 to the Financial Statements. Note: if the project owes money to NLHC then this figure is shown under liabilities.

**Prepaid Expenses:** Includes prepaid taxes, insurance and contract fees.

**Replacement Reserve:** Transactions in the replacement reserve account are detailed in Note 4 to the financial statements.

Funds may be disbursed from the reserve during the period to pay for the cost of replacement of:

- Range and refrigerators;
- Mechanical laundry equipment;
- Roofs;
- Plumbing;
- Heating equipment;
- Other items of a capital nature approved by NLHC.

NLHC may fund these expenditures from the PMH operating grant if funds are available.

Transfers during a period can never exceed the annual amount specified in the agreement unless prior approval is received from NLHC.

**Fixed Assets:** Fixed assets include land, buildings, furniture, vehicles and equipment. Details are provided in Note 5 to the financial statements.

**Land and Building:** Usually as stated in statement of final capital costs. Land and Building are combined since both are usually financed by long-term debt and depreciated by an amount equal to the annual repayment of principal.

Some major repairs/replacements may be charged directly against the replacement reserve account as approved by NLHC. Donated property should be recorded at fair value when fair value can be reasonably estimated.

**Furniture and Equipment:** Some equipment replacements may be charged directly against the replacement reserve account as approved by NLHC. Others may be expensed in the year of acquisition. Donated furniture and equipment should be recorded at fair value when fair value can be reasonably estimated.

**Accumulated Depreciation:** Represents the total depreciation taken up to the financial statement date and equals the total principal repaid as at that date. **Other Assets:** Should also be properly described on the Balance Sheet and in the notes if material ie. Over \$1000.

## 2) LIABILITIES

**Accounts Payable and Accrued Liabilities:** Includes accrued expenses (interest, taxes, insurance) and unpaid bills.

**Other Liabilities:** Includes prepaid rents, security deposits, key deposits, monies held in trust, etc.

**NLHC Payable:** If the project owes money to NLHC then the amount is reported here and detailed in Note 3 to the financial statements (see NLHC receivable referred to on the previous page).

**Current Portion of Long-Term Debt:** Principal portion of mortgage payments due during the next fiscal year.

**Long-Term Debt: Balance of Mortgage payments less current portion.**

**Replacement Reserve: Contra-balance to Replacement Reserve held.**

## 3) EQUITY

**Contributed Surplus:** Includes donations, profits from fund raising activities, etc. The nature and value of donated property should be disclosed.

**BALANCE SHEET**

**XYZ Project Inc.  
March 31 2016**

	<b>2016</b>	<b>2015</b>
<b>1) Assets</b>		
Current		
Cash and Short-Term Deposits	\$ 2,545	\$ 3,275
Accounts Receivable (Note 2)	2,000	1,900
Due from NLHC (Note 3)	6,870	7,250
Prepaid Expenses	<u>2,500</u>	<u>2,400</u>
	\$ 13,915	\$ 14,825
Replacement Reserve Fund (Note 4)	15,000	15,000
Fixed Assets (Note 5)	892,113	901,114
Total	<u>\$921,028</u>	<u>\$930,939</u>
<b>2) Liabilities</b>		
Current		
Accounts Payable and Accrued Liabilities	\$ 7,915	\$ 10,025
Other (specify where material)	6,000	4,800
Current Portion of Long-Term Debt (Note 6)	<u>8,900</u>	<u>9,000</u>
	22,815	23,825
Term Debt (Note 6)	882,213	891,114
Replacement Reserve (Note 4)	<u>15,000</u>	<u>15,000</u>
	<u>\$920,028</u>	<u>\$929,939</u>
<b>3) Equity</b>		
Contributed Surplus (Note 7)	<u>\$ 1,000</u>	<u>\$ 1,000</u>
<b>Total</b>	<u>\$921,028</u>	<u>\$930,939</u>

On behalf of the Board

\_\_\_\_\_ Chair

\_\_\_\_\_ Date

\_\_\_\_\_ Member

See Accompanying Notes

**4) REVENUE**

**Rental Revenue:** Rental revenue for units where occupants' incomes are subject to an annual review.

**Surcharges:** For domestic electricity, laundry and other i.e. Cable, are explained in Note 8.

**NLHC Subsidy:** NLHC subsidy is accrued and is equal to the expenditures minus total revenue (exclusive of NLHC subsidy).

**HST Rebate:** HST sponsors are eligible to receive a rebate of 57.14% of all HST paid on expenses. All expenses are to be recorded to include the full 13% HST. Sponsors should record claims with Canada Revenue Agency in time to receive and record the rebate within the applicable fiscal year.

**Other Revenue:** Includes rental of parking spaces, receipts from coin-operated laundry equipment, interest earned on unrestricted cash deposits, etc.

**5) EXPENSES**

**Property Taxes:** Actual tax levied for the period.

**Water and Sewer Taxes:** Actual tax levied for the period.

**Insurance:** Includes fire, public liability, boiler and heating plant, rental loss insurance, fidelity bonding, etc.

**Maintenance and Repairs:** Includes salaries, repairs materials, decorating, landscaping, exterminating, and janitorial and maintenance supplies, cost of service contracts (except for snow removal, garbage disposal and janitorial services, these should be shown separately). Includes normal maintenance project operating costs including service costs for sprinkler, fire alarm and elevator servicing. Larger capital type improvements that have been specifically approved in the annual project operating budget (ie. for an RNH project) are to be explained in a note to the financial statements. Does not include expenditures eligible as a charge against the replacement reserve. If the amount in the replacement reserve fund is insufficient to cover the expenditures approved by NLHC, the excess amount should be shown separately.

**Heat, Electrical Power:** Must be shown separately unless source of heating is electricity, includes any utility charges paid directly by the housing project. Utility charges paid directly by occupants are not to be included.

**Depreciation:** Equal to principal reduction on mortgage during period as confirmed by NLHC.

**Janitorial Services:** Includes salaries and employee benefits, telephone, mileage or car allowance, etc. cleaning supplies should be included under maintenance and repairs.

**Administration:** Includes office expenses (telephone, supplies, etc.), salaries, mileage or car allowance, bank charges and management fees.

**Mortgage Interest:** Mortgage interest is accrued. Therefore the interest portion of the first payment in the period under audit is excluded (unless the period is the initial year of operations) as it relates to the last month of the previous period, and the interest portion of the first payment of the following period is included as it relates to the last month of the period under audit.

**Bad Debts:** Includes any amounts due that have been deemed by the Sponsor's Board during the period as uncollectible, ie. Rental arrears for vacated tenants and tenant damage costs.

**Professional Fees:** Includes audit fees and legal fees if any.

**Advertising:** Cost of placing ads to fill vacancies.

**Snow Removal:** Cost of service contracts and/or clearing of walks, entrances and parking lots.

**Garbage Disposal:** Cost of service contracts and/or removal of debris from the building to the municipal pick-up point or drop off point.

**Other Expenses:** Includes cost of servicing contracts relating to security, interest on tenants' deposits or prepaid rent and any other expense not covered above.

**STATEMENT OF REVENUE & EXPENDITURES**

**XYZ Project Inc.  
FOR THE YEAR END MARCH 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>4) Revenue</b>		
Rental Revenue (Note 8)	\$ 35,600	\$ 34,800
NL Housing Subsidy (Note 3)	181,523	179,894
GST Rebate	2,200	2,175
Other	<u>450</u>	<u>450</u>
	\$219,773	\$217,319
<b>5) Expenses</b>		
Property Taxes	\$ 15,400	\$ 14,800
Water and Sewer Taxes	6,000	5,800
Insurance	4,500	4,450
Maintenance and Repairs	22,725	23,600
Electrical Power	2,200	2,100
Heat	24,600	23,800
Janitorial Services	12,000	12,000
Administration	14,761	14,155
Depreciation (Note 1)	9,001	9,100
Mortgage Interest	89,211	90,114
Bad Debts	525	200
Professional Fees	2,000	2,000
Advertising	200	150
Snow Removal	10,800	9,200
Garbage Disposal	5,200	5,150
Other	<u>650</u>	<u>700</u>
	\$219,773	\$217,319

See Accompanying Notes

**STATEMENT OF CHANGES IN FINANCIAL POSITION**

**6) OPERATING ACTIVITIES**

**Subsidy Assistance Received:** Total amount of subsidy payments actually received from NLHC during the period.

**Rental Revenue Received:** Total amount of rental revenue actually collected from tenants.

**Other Receipts:** All other revenue received during the period.

**Payments for Operating Expenses:** Total amount of monies actually disbursed for taxes, insurance, maintenance, etc.

**Mortgage Interest:** Interest portion of actual payments during period.

**7) FINANCING ACTIVITIES**

**Repayment of Mortgage Principal:** Principal reduction as confirmed by NLHC during period.

**8) INVESTING ACTIVITIES**

**Fixed Asset Acquisition or Sale:** Total cost of asset acquisitions, or sales proceeds on disposition.

**STATEMENT OF CHANGES IN FINANCIAL POSITION**

**XYZ Project Inc.  
FOR THE YEAR END MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>Cash Provided By (used in):</b>		
<b>6) Operating Activities</b>		
Non-Cash Item		
Depreciation of Fixed Assets	\$ 9,001	\$ 9,100
Subsidy Assistance Received	181,903	179,644
Rental Revenue Received	36,700	36,400
Other Receipts	2,650	2,625
Payments for Operating Expenses	(132,772)	(127,820)
Payments for Mortgage Interest	<u>(89,211)</u>	<u>(90,114)</u>
	8,271	9,835
<b>7) Financing Activities</b>		
Repayment of Mortgage Principal	<u>(9,001)</u>	<u>(9,100)</u>
<b>8) Investment Activities</b>		
Increase (decrease) in Unrestricted Cash And Cash Equivalents during the Year	(700)	735
Unrestricted Cash and Cash Equivalents At Beginning of Year	<u>3,275</u>	<u>2,540</u>
Unrestricted Cash and Cash Equivalents at End of Year (Note 6)*	<u>2,545</u>	<u>3,275</u>

\*See Accompanying Notes

## NOTES TO THE FINANCIAL STATEMENTS

### XYZ Project Inc. March 31, 2016

#### 1) Significant Accounting Policies

##### a) Fixed Assets

Fixed Assets are recorded at cost less accumulated depreciation. Donated assets are recorded at market value at time of acquisition.

##### b) Depreciation

Depreciation is provided on building and furniture and equipment purchased from loans by NLHC at a rate equal to the annual principal reduction of the mortgage. Donated fixed assets are not depreciated.

##### c) Replacement Reserve

See previous.

If NLHC budgetary funds are not available, expenses of a capital nature may be charged against the replacement reserve upon approval from NLHC. Expenditures in excess of the funds held, as approved by NLHC, shall be funded by NLHC.

#### 2) Accounts Receivable

	2016	2015
Rents Receivable	\$1,655	\$1,750
GST Rebate	<u>645</u>	<u>550</u>
	2,300	2,300
Allowance for Bad Debts	<u>(300)</u>	<u>(400)</u>
	<u>\$2,000</u>	<u>\$1,900</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**XYZ Project Inc.  
March 31, 2016**

**3) Due from NL Housing**

	<b>2016</b>	<b>2015</b>
Due from NLHC, beginning of the Year	\$ 7,250	\$ 7,000
Net Subsidy for the Year	181,523	179,894
Payments Received during the Year	(181,903)	(179,644)
Repayments Issued during the Year	<u>-</u>	<u>-</u>
	<u>\$ 6,870</u>	<u>\$ 7,250</u>

**4) Replacement Reserve**

Prior to 1996, the group was responsible for its own replacement reserve. NLHC provides the organization with an annual statement as of March 31, indicating its replacement reserve balance. The funds in the account may only be used as approved by NLHC. Transactions in the reserve fund consisted of the following:

	<b>2016</b>	<b>2015</b>
Beginning of the Year	\$15,000	\$15,000
Approved withdrawals	<u>0</u>	<u>0</u>
end of Year	<u>\$15,000</u>	<u>\$15,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**XYZ Project Inc.  
March 31, 2001**

**5) Fixed Assets**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>2001</b>	<b>2000</b>
Land and Building	\$901,223	\$36,425	\$865,498	\$874,240
Furniture & Equipment	29,915	4,300	25,615	25,874
Donated Furniture	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$932,838</u>	<u>\$40,725</u>	<u>\$892,113</u>	<u>\$901,114</u>

**6) Long-Term Debt**

	<b>2001</b>	<b>2000</b>
NL Housing fixed rate term mortgage At an interest rate of 9.75% repayable in blended monthly instalments of \$8,184 due September, 2000.	\$891,113	\$900,114
Less: Current Portion	<u>8,900</u>	<u>9,000</u>
	<u>\$882,213</u>	<u>\$891,114</u>

**7) Contributed Surplus**

At year-end contributed surplus consisted of the following:

	<b>2001</b>	<b>2000</b>
Donated Furniture	\$ <u>1,000</u>	\$ <u>1,000</u>

**8) Rental Revenue**

Rent Geared-To-Income	\$ 33,000	\$ 33,000
Surcharges		
Electricity	1,200	1,200
Laundry	500	600
Cable	<u>900</u>	<u>-</u>
	<u>\$ 35,600</u>	<u>\$ 34,800</u>

**AUDITOR'S CONFIRMATION**

TO: NEWFOUNDLAND LABRADOR HOUSING

We have examined the books and records of the XYZ Project Inc. for the year ended March 31, 2001. Our examination was made in accordance with generally accepted auditing standards and accordingly included examining on a test basis, evidence supporting the amounts and disclosures in the financial statements.

In our opinion,

XYZ Project Inc.: has requested and obtained evidence of the incomes of household members paying rent according to the Rent-To-Income scale as required by the Operating Agreement with NL Housing;

Has applied a Rent-To-Income ratio for those household members in accordance with the Operating Agreement;

Has adjusted the rental charges for Rent-Geared-To-Income household members in accordance with the Operating Agreement.

With reference to the Statement of the Replacement Reserve Fund presented in the audited financial statements for the year ended March 31, 2001, the Replacement Reserve Fund has been funded and maintained, and all interest accruing to this fund has been recorded.

---

Auditor's Signature

Municipality, Newfoundland and Labrador  
Date