

Financial Institutions
Regulation Branch

OCT 10 2018

Province of Manitoba

(Name of Cooperative) INC.

BY-LAWS

I Victoria Mark of Winnipeg in the Province of Manitoba,
Secretary of Carpathia Housing Co-op certify that these are the by-
laws of the Cooperative as approved by the members on Jun 20, 2018.

Sep 27/18
Date

V. Mark.
Secretary

BY-LAWS

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Section One DEFINITIONS

Definitions

1.01 The following definitions apply in these by-laws:

"Act" means *The Cooperatives Act*, C.C.S.M. c. C223.

"articles" are the articles of the Cooperative and has the same meaning as in the Act;

"board" means the board of directors of the Cooperative;

"by-laws" means the by-laws of the Cooperative and all amendments in force and effect;

"committee of directors" means a committee of the board that is made up solely of directors, and that is eligible to have some powers of the board of directors delegated to it;

"Cooperative" means Carpathia Housing Co-op Ltd.;

"entity" means a body corporate, a trust, a partnership, a fund or an unincorporated organization;

"housing agreement" is the contract signed between a member and the Cooperative that sets out the obligations and rights of a member with respect to occupancy of a residential unit owned or controlled by the Cooperative;

"housing charges" are the sums payable by a member to the Cooperative, under a housing agreement, and on a monthly basis, for the right to occupy a residential unit owned or controlled by the Cooperative;

"meeting of members" means an annual meeting of members or a special meeting of members;

"member" means a person with a membership interest in the Cooperative who has complied with by-law 6.01 and the articles;

"ordinary resolution" has the same meaning as in the Act, but for clarity means a majority vote of persons present at a meeting who are entitled to vote;

"person" means an individual or an entity, and includes a legal representative;

"recorded address" means, in the case of a member, the address (postal or electronic) of the member as recorded in the members' register; and in the case of a director, officer, auditor or member of a committee of the board, the latest address (postal or electronic) of such persons as recorded in the records of the Cooperative;

"special resolution" has the same meaning as in the Act, but for clarity means at least a 2/3rds vote of persons present at a meeting who are entitled to vote;

"surplus" means, for any financial year of the Cooperative, the amount that remains after deducting from revenue all operating expenses (see section 1 of the Act for the technical definition).

Section Two GENERAL

Financial Year

2.01 The Cooperative's financial year end is December 31st.

Signing Authority & Policies of the Board

2.02 The president, vice-president, secretary and treasurer of the Cooperative have signing authority. The board may by ordinary resolution designate another person(s) as having signing authority or the right to vote on behalf of the Cooperative. The board must record any resolution under this section in the board's minutes. The board may adopt policies related to purchasing, borrowing, confidentiality, and execution of instruments that must be complied with at all times.

Information Available to Members

2.03 Subject to section 29 of the Act:

(a) Members are entitled to view or copy information or documents respecting the Cooperative's business unless, in the opinion of the board, such information should be kept confidential.

(b) The board may decide whether it will disclose or make available to inspection an account, record or document of the Cooperative. The board may decide the extent of the disclosure and the time, place, conditions or rules of disclosure.

Amendments to By-laws

2.04 The by-laws may be amended by the directors. The amendment must then be ratified by ordinary resolution at the next meeting of members.

Additional Rules

2.05 In order to manage the business and affairs of the cooperative, the directors may enact any additional occupancy rules, housing agreements, or policies that are not inconsistent with these by-laws, and may amend, repeal or replace any of them. Amendments to the rules of occupancy must be presented to the members for ratification at the next meeting of the members.

Section Three DIRECTORS

Number of Directors

3.01 After the first annual meeting of members, the board may, by ordinary resolution, establish the number of directors within the minimum and maximum stated in the articles. The resolution must be recorded in the board's minutes. Once the number of directors is set, the number must not be reduced to meet quorum.

Quorum

3.02 The quorum for the transaction of business at any meeting of the board is a majority of the number of directors.

Director Qualifications

3.03 A person cannot be a director if that person:

- (a) is less than 18 years of age;
- (b) is of unsound mind and has been so found by a court of law;
- (c) is not an individual;

- (d) is bankrupt;
- (e) is a regular employee of the cooperative.
- (f) is a spouse, child, sibling, parent, grandparent, or in-law, or of an individual who is a director of the cooperative.
- (g) is in arrears with respect to payment of housing charges; or
- (h) does not occupy a housing unit in the cooperative.

Directors Must be Members

3.04 A director must be a member of the Cooperative or a representative of an entity that is a member of the Cooperative.

Election and Term

3.05 *Directors are elected by members*

(a) Directors are elected by secret ballot at the first meeting of members and at each subsequent annual meeting of members. The candidates for director who receive the highest number of votes cast are declared elected until all vacancies are filled. The board shall strive to ensure directors are elected with staggered terms.

Term of office

(b) The term of office for an elected director shall be three years, and shall end at the conclusion of the Annual General Meeting following their third year in office.

Under voting Prohibited

(c) *Members electing directors must vote for the same number of candidates as there are vacancies to be elected. (i.e. if 3 positions are elected each voter must select 3 names on the ballot). Selecting fewer than the specified number shall result in the ballot being spoiled.*

Nominating Candidates for Director

3.06 Candidates for director may be nominated either by a nominating committee appointed by the board, if any, before the meeting of members, or at the time of the meeting of members by any member present. For clarity, members may declare their own candidacy.

Tie Votes

3.07 In the case of a tie among candidates on the first ballot, those candidates' names must be submitted to a second ballot organized by the chairperson of the meeting. The same rule applies to subsequent ballots that must be held in the event of a tie.

Ceasing to Hold Office

3.08 A director ceases to hold office when the director:

- (a) dies or resigns;
- (b) ceases to be a member by withdrawal or termination of membership;
- (c) is removed from office by the members at a special meeting under by-law 3.09;
- (d) per by-law 3.03, is disqualified from being a director; or
- (e) is absent from three (3) consecutive regular meetings of the board, unless in the opinion of the other directors one or more of the absences were justified.

Removal of Directors by Members

3.09 Subject to the Act, the members may, by ordinary resolution at a special meeting, remove any director from office. The vacancy created by such removal may be filled by ordinary resolution of the members present at the same special meeting or, if not so filled, may be filled by the directors in accordance with the Act.

Vacancies

3.10 Subject to section 194 of the Act,

Vacancy where board *can* meet quorum

(a) If the board can meet quorum and a vacancy on the board arises, the directors may either fill the vacancy by ordinary resolution or continue to run the board without filling the vacancy. This subsection does not apply if the vacancy resulted from either the board's decision to increase the number of directors under by-law 3.01 or from a failure of the members to elect the required number of directors.

Vacancy where the board *cannot* meet quorum

(b) If the board cannot meet quorum, or if the vacancy resulted from a failure of the members to elect the required number of directors, the board must call a special meeting of members to fill the vacancy. If the board fails to call the special meeting or if there are no directors, any member may call the special meeting.

Limited term of the replacement director

(c) A person who fills a vacancy may only serve the balance of the term of the director whose departure created the vacancy.

Exercise of Authority

3.11 Resolutions

(a) The board or a committee of the board may exercise the powers of the Cooperative, including the borrowing of money, and the provision of security for such borrowing, by passing ordinary resolutions (majority vote) at their meetings. In the event of a tie, the ordinary resolution fails. This is subject to subsection 202(3) of the Act.

Vacancies

(b) In the case of a vacancy, the remaining directors of the board or committee of the board may exercise the powers of the Cooperative so long as there is a quorum at their meetings.

Resolutions in Writing

3.12 An ordinary or special resolution of the board must be in writing and the decision must be recorded in the minutes of the Cooperative.

Meetings by Telephone or Other Electronic Means

3.13 Directors may participate in committee or board meetings by telephone, electronic or other means. All participants, however, must be able to communicate adequately with each other. Directors participating in such meetings are deemed to be present at the meetings.

Time and Place of Meetings

3.14 Board meetings must be held in Manitoba at a time and place of the board's choosing.

Notice of Meeting

3.15 Notice of the time, place and purpose of each board meeting must be given to each director not less than three (3) days before the meeting. A director may waive the three-day notice period. This by-law is subject to section 200 of the Act.

Regular Meetings

3.16 The board may set a day, time and place for regular meetings of the board. A notice to that effect must be given to each director. Subject to the Act, no other notice is required.

Chairperson

3.17 The chairperson of any meeting of the board is the president or vice-president. Another director may be

appointed chairperson by the directors at the meeting.

Conflict of Interest

3.18 A director or officer who has a conflict of interest as described in section 207 of the Act must declare their conflict of interest in accordance with that section. The following rules apply:

- (a) All officers, directors or committee members must carry out their duties honestly, in good faith and in the best interests of the Cooperative rather than in their own best interest.
- (b) Directors and officers serve without payment of any kind. However, they may be paid for travel or other expenses while doing business for the Cooperative. The board must authorize these expenses. Directors and officers cannot receive compensation for lost income while doing business for the Cooperative.
- (c) A conflict of interest is when someone benefits personally in any way from a decision of the Cooperative or has an interest in a contract that the Cooperative may enter into.
- (d) When a director has or may have a conflict of interest:
 - The director should declare the conflict of interest at the board meeting considering the matter.
 - If a director does not declare a conflict of interest, but another director is aware of one, the other director can bring it up at a meeting.
 - The board then decides whether there is a conflict of interest.
 - If there is a conflict of interest, the director cannot vote on the matter and must not be present while the matter is discussed.

Insurance

3.19 The board must purchase and maintain general property and liability insurance sufficient to protect the Cooperative from losses or third party liability claims. The board may require members or occupants of units owned or controlled by the Cooperative to purchase personal property and liability insurance.

Section Four COMMITTEES AND OFFICERS

Committees of Directors

4.01 The board may appoint committees of directors (minimum of three (3) directors per committee) whose members hold office at the will of the board. The board must determine the functions and duties of each committee. However, the committee may set out its own procedure in accordance with the Act.

The board may, from time to time, appoint such other committees of members as it may deem advisable, but the functions of such other committees shall be advisory only. The board will set the job description and mandate for each committee. Each advisory committee must have at least one board director serving as a member.

Officers

4.02 The officers of the Cooperative include the president, vice-president, secretary, treasurer and any other officers as determined by the board. The board may specify the duties, powers, and term of the officers to manage the business and affairs of the Cooperative.

Section Five DUTY OF CARE AND INDEMNITY OF DIRECTORS AND OFFICERS

Duty of Care of Directors and Officers

5.01 Directors and officers of the Cooperative must:

- (a) act honestly and in good faith with a view to the best interests of the Cooperative; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (c) not disclose confidential information about the affairs of the Cooperative, its members or employees. Directors shall sign an Ethical Conduct Agreement and a copy of the cooperative's Confidentiality Policy.

Indemnity

5.02 Subject to the Act, the Cooperative must indemnify directors and officers, former directors and officers, and persons who undertake or have undertaken any liability on behalf of the Cooperative, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by them in any proceeding to which they are made a party by reason of being or having been directors or officers of the Cooperative, if:

- (a) they acted honestly and in good faith with a view to the best interests of the Cooperative; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing that their conduct was lawful.

Dissent

5.03 Directors are deemed to have consented to any resolution passed or action taken at a meeting of the board or a committee of the board unless they record their dissent within the time and in the manner provided by subsection 213(1) of the Act.

Section Six
MEMBERSHIP SHARES, MEMBERSHIPS AND TRANSFERS

Membership Qualifications

6.01 No person can become a member of the Cooperative unless that person:

- (a) if an individual, is at least 18 years of age;
- (b) has submitted a written application for membership that has been approved by the board or a person authorized by the board to approve membership applications; and
- (c) has purchased and paid for a minimum of 400 membership shares.

Member's Obligations

6.02 To apply for membership, a person must express his or her intentions to occupy a residential unit owned or controlled by the Cooperative and pay a deposit fee to the Cooperative or purchase further membership shares as a form of deposit as required by the board. Members that occupy a housing unit owned or controlled by the Cooperative must sign and comply with a housing agreement and pay housing charges set out in that housing agreement to the Cooperative.

Membership Share Certificate

6.03 The Cooperative is not required to issue formal certificates for membership shares. The Cooperative must, if requested by a member, provide a receipt for the purchase of membership shares.

Transfer of Membership Shares or Memberships

6.04 No transfer of a membership or membership share is valid unless it is completed in accordance with the Articles.

Lien for Indebtedness

6.05 If a member owes a debt to the Cooperative, including through arrears in paying housing charges, the Cooperative has and may enforce a lien on:

- (a) the member's shares in the Cooperative;
- (b) any deposit paid by the member to the Cooperative as a condition of occupying a residential unit;
- (c) any interest of the member in the property of the Cooperative; and
- (d) any sum payable by the Cooperative to the member.

Withdrawal of Membership

6.06 A member may withdraw their membership in the Cooperative by giving the Cooperative **60** days notice from the end of the current month of their intention to withdraw. The board or a person authorized by the board may, in writing, accept the member's withdrawal on shorter notice.

Automatic Withdrawal – Death or Dissolution

6.07 An individual's membership in the Cooperative is deemed to be withdrawn on their date of death or on the date at which they cease to occupy a unit in the Cooperative as their primary residence. By ordinary resolution, the board may deem a body corporate's membership in the Cooperative to be withdrawn if that body corporate has commenced dissolution proceedings or is dissolved by its corporate regulator.

Termination of Membership for Cause

6.08 The board may by special resolution at a meeting of the board terminate the membership of a member for cause. Subject to the housing appeal tribunal process described in by-law 6.12, a member's right to occupy a unit ceases on the effective date their membership is terminated.

Meaning of "for Cause"

6.09 For the purpose of by-law 6.08, "for cause" means:

- (a) the failure of the member to pay housing charges as they are due, including regular monthly housing charges, late fees or penalties, or housing charges arising from any payment plan arranged between the Cooperative and the member;
- (b) the failure of the member to comply with the terms of the housing agreement signed between the member and the Cooperative respecting member obligations to the Cooperative;
- (c) the failure of the member to meet any contractual or debt obligation owing to the Cooperative;
or
- (d) the conduct of the member that is detrimental to the welfare of the Cooperative.

Notice of the Board Meeting to Terminate

6.10 The member must be given at least seven (7) calendar days' written notice of the board meeting under by-law 6.08 and the notice must include a statement of the grounds for termination. Notice must be given in a manner that enables the Cooperative to prove delivery. The member is entitled to appear at the board meeting and must be given an opportunity to be heard, including through an agent or counsel.

Notice of Termination Following Decision of the Board

6.11 The Cooperative must give written notice to the person whose membership is terminated within seven (7) calendar days of the board resolution along with a notice of appeal form with the Registrar's contact

information. Notice must be given in a manner that enables the Cooperative to prove delivery.

Appeal Process – Housing Appeal Tribunal

6.12 Appeal to Registrar

(a) Within seven (7) business days, **excluding holidays**, of receiving the notice of termination under by-law 6.11, the person whose membership was terminated may file a written notice of appeal with the Registrar under section 280 of the Act. The appeal will be heard by a special housing appeal tribunal.

Membership and Occupancy Continues

(b) Pending a final decision of the appeal tribunal, the person whose membership was terminated by the board continues to be a member with all rights and privileges of membership, including the right to occupy their housing unit.

Re-Admitting the Member

(c) If the appeal tribunal under section 280 of the Act confirms the board's decision to terminate a person's membership, that person cannot be readmitted as a member of the Cooperative unless by special resolution (2/3rds vote) of members at a meeting of the Cooperative.

Continued Obligation to Pay Housing Charges

(d) The person whose membership is terminated by the board, whether they are appealing the decision or not, must continue to pay housing charges until they vacate their housing unit.

Repurchase of Membership Shares or Repayment of Deposit and Member Loans

6.13 Within a reasonable time, but no later than three (3) months after a person's withdrawal or termination of membership, the Cooperative must repurchase the person's membership shares that were bought as a condition of membership or acquired as dividends issued by the Cooperative or repay to the person any member loans (paid as a condition of membership in the Cooperative) or deposit (paid as a condition of occupying a residential unit) in accordance with section 246 of the Act.

Right of Offset

6.14 If the Cooperative repurchases a member's shares, repays a member loan, or repays a deposit under by-law 6.13, the Cooperative can offset their payment by accounting for:

- (a) arrears for housing charges or penalties owing under the housing agreement;
- (b) costs to repair the member's unit or appliances/fixtures in that unit, if the damage or disrepair is not the result of normal wear and tear;
- (c) costs incurred to reverse any unauthorized changes made to the member's unit (e.g. paint/additions);
- (d) costs of dealing with abandoned personal property (per by-laws 6.16(a) and (b));
- (e) costs incurred by the Cooperative for the settlement of third party claims against the former member (e.g. unpaid utility bills); or
- (f) any other costs or amount related to a debt owed by the former member to the Cooperative.

Restriction on Taking Property

6.15 Subject to by-law 6.16, the Cooperative cannot take a member's property to satisfy amounts due to the Cooperative except by consent or by court order.

Abandoned Personal Property

6.16 If a member or former member of the Cooperative abandons their personal property after ceasing to occupy a unit in the Cooperative, the Cooperative may deal with it as follows:

Property of Little Value

(a) If the abandoned property is worth less than the expected cost of its removal, storage, and sale, the board may dispose of it however it wishes; or

Property of Greater Value

(b) If the abandoned property is worth more than the expected cost of its removal, storage, and sale, the board may sell the property by public auction or an advertised sale if the advertisement will likely attract multiple offers. The board must comply with the process set out in subsection 28(1) of *The Cooperatives Regulation*, C.C.S.M. c. C223.

Proceeds of Sale

6.17 The Cooperative may use the proceeds of a sale under by-law 6.16(b) to offset any amounts owed by a member or former member to the Cooperative, including arrears and the costs of the sale under by-law 6.16(b). Any remaining proceeds of the sale are to be paid to the member or former member in accordance with *The Cooperative Regulation*.

Process to Force a Member to Change Units

6.18 If the board requires a member, against the member's wishes, to move from one unit to another unit owned or controlled by the Cooperative, the board and member must comply with a special process (including a right of appeal) under section 279 of the Act.

Dispute Resolution

6.19 Dispute Among Members

(a) If there is a dispute between two or more members of the Cooperative arising from the affairs of the Cooperative, the board (or a committee or delegate of the board) may arbitrate or mediate that dispute. The board may determine the process for arbitrating or mediating the dispute between members so long as the process fairly allows each member to participate adequately in the process.

Dispute with the Cooperative

(b) If there is a dispute between a member(s) and the Cooperative arising from the affairs of the Cooperative and not related to proceedings for termination of a membership in the Cooperative, the board must create a three (3) member committee to settle the dispute. The committee must be set-up as follows:

- One person appointed by the member(s) in dispute
- One person appointed by the board
- Third neutral person appointed by the other two committee members

The members of the committee do not need to be members of the Cooperative. The decision of the committee is final and binding on all parties.

Section Seven

GENERAL RESERVE AND ALLOCATION OF SURPLUS

General Reserve and Other Reserves

7.01 The Cooperative must establish and maintain a general reserve to retain the surplus, if any, for a financial year. The Cooperative must maintain such other reserves as may be required by agreements made with funding agencies.

Minimum Reserve

7.02 The general reserve of the Cooperative must accumulate to a minimum of 2% of the total assets of the Cooperative as reported in the year-end financial statements.

Allocation of Surplus

7.03 At the end of a financial year after allocations to its replacement reserves, the Cooperative must allocate any surplus into the general reserve. The board may determine how to use the balance of surplus, if any, after complying with the minimum reserve requirement.

Priority of Payment – Repurchasing Membership Shares

7.04 If the Cooperative resolves to repurchase membership shares from members, they must do so in the following order of priority:

- (i) to deceased members whose death has been reported to the Cooperative;
 - (ii) to members who have reached the age of 65 years;
 - (iii) to members who have moved out the area served by the Cooperative;
 - (iv) to members whose membership has been withdrawn or terminated; and
 - (v) to the remaining members on a proportionate basis.
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Section Eight MEETINGS OF MEMBERS

Annual Meetings

8.01 The directors of the Cooperative must hold an annual meeting of members in each financial year of the Cooperative. The annual meeting is held for the purpose of considering the directors' annual report, the financial statements, the appointment of auditors, the election of directors, and other business as permitted by the Act.

Special Meetings

8.02 A special meeting may be called by the board at any time, or by 20% of the members who sign and send a written requisition to the board.

Place of Meetings

8.03 Meetings of members are held in Manitoba at a place determined by the Board.

Electronic Meeting

8.04 Where the Cooperative has adequate facilities and at the discretion of the Board, members may participate in meetings of members by telephone or electronic means. All participants, however, must be able to communicate adequately with each other. Members participating in such meetings are deemed to be present, including for the purposes of quorum.

Notice of Meetings

8.05 Notice in writing of the time, place, and purpose of each meeting of members must be given to the members between fourteen (14) and thirty (30) days in advance of the meeting. This is subject to sections 225 and 226 of the Act.

Chairperson (and Secretary)

8.06 The chairperson of the meeting of members is the president or, in the president's absence, the vice-president. By ordinary resolution, another person may be appointed chairperson. Where the secretary is not present, the chairperson may appoint another person to be secretary for the meeting.

Persons Entitled to be Present

8.07 Only members and the Cooperative's auditors are entitled to be present at a meeting of members. The chairperson may invite other attendees.

Quorum

8.08 Quorum at a meeting of members is the lesser of either the majority of members or the number of directors plus fifteen (15).

Voting at the Meeting

8.09 A person that is on the members' register at the time notice of a meeting is sent is entitled to vote. Voting is governed by these rules:

- (a) votes are counted on a one-member, one-vote basis;
- (b) votes, other than on special resolutions, are passed by a majority of members present who are entitled to vote;
- (c) an ordinary resolution or motion fails in case of a tie vote;
- (d) votes are decided by show of hands, other than votes taken by secret ballot, and the results are reported in minutes of the meeting; and
- (e) a member entitled to vote at the meeting may demand a ballot vote before or after a vote takes place.

Voting by Mail-In or Electronic Ballot

8.10 Where the Cooperative has adequate facilities and at the discretion of the Board, voting (excluding the election of directors) may take place in advance of the members meeting by mail-in or electronic ballot. A person that is on the members' register at the time notice of a meeting is sent is entitled to vote by mail-in or electronic ballot. Voting is governed by these rules:

- (a) votes are counted on a one-member, one-vote basis;
- (b) votes, other than on special resolutions, are passed by a majority of members who are entitled to vote and have actually voted within the time period set by the board;
- (c) an ordinary resolution fails in case of a tie vote; and
- (d) votes are counted on the day of the members' meeting and the results are reported at that meeting.

Section Nine NOTICES IN WRITING

Method of Giving Notices in Writing

9.01 Where written notices are required to be given to members, officers, directors or committee members, those notices must be sent to the person's recorded address. Additional notices can be sent or published using any type of media as determined by the board. Notice can be waived by the recipient in accordance with the Act.

Undelivered Notices

9.02 If a notice in writing to a member is returned undelivered on three (3) consecutive occasions, the Cooperative does not need to give further notice until the member provides a new recorded address.

Section Ten BORROWING POWERS

Authorization

10.1 The Co-operative is hereby authorized to borrow money from its members for specific periods of time. The Co-operative is authorized to exercise every power to borrow money and to secure payment thereof which is conferred upon it by the Act.

AUDITOR

Appointment of Auditor

11.1 The members appoint an auditor at each annual members' meeting and holds office until the next annual meeting. The auditor can be either a certified professional accountant or accounting firm. The board will arrange for payment of the auditor if authorized by the members.

Removal of Auditor

11.2 Part 11 of the Act states how to remove an auditor and appoint a different auditor.

Access to information

11.3 The auditor must have access to the books, accounts and vouchers of the co-op at all reasonable times. The directors, officers and employees of the co-op must provide any information and explanations which the auditor needs.

Reporting

11.4 The auditor reports at the annual members' meeting on the financial statements of the co-op.