



Chapter 2

LEGAL REQUIREMENTS: CONSTATING DOCUMENTS

Your operating agreement with BC Housing defines constating documents as:

- A non-profit society's constitution and bylaws.
- A housing co-op's memorandum and rules.

Constating documents govern the organization's decisions and affect the way you conduct business.

Society Constitution and Bylaws

Societies develop a constitution and bylaws as a condition of incorporation under the *Society Act*. Your constitution describes the purpose of your organization. You should review your society's purpose every five to ten years to ensure it still describes what the organization is actually doing. The bylaws describe how you conduct business and define:

- How directors are elected, appointed and removed.
- The duties and powers of directors, officers, and those with signing authority.
- How meetings are called.
- The period of your fiscal year.
- The process for maintaining funds.
- The process for appointing an auditor.
- How to keep corporate records.

Call the BC Non-Profit Housing Association at 604-527-8859 or 1-800-494-8859 for advice on your constitution and bylaws.

Co-operative Memorandum and Rules

Co-operatives develop a memorandum and rules as a condition of incorporation under the *Cooperative Association Act*. The memorandum states the goals of the co-op and commits members to operating the co-op in a particular way. The rules outline how the co-op will operate as a business, and govern areas such as:

- The purchase, redemption and transfer of membership shares.
- How general meetings will be conducted.



- Voting rights of members.
- How and when directors are chosen or removed.
- The duties and powers of directors.
- Financial management.
- Mechanisms for dispute resolution.

The Registrar of Companies approves co-op rules. The Co-operative Housing Federation of BC offers workshops to help older co-ops update their rules to current standards. CHF BC has a model set of rules and can be reached at 604-879-5111 or 1-866-879-5111.

Changes to Constatting Documents

HOMES BC operating agreements state that housing providers must not make any change to the constating documents which is inconsistent with the terms of your HOMES BC operating agreement. For example, you could not establish a bylaw that says you will always purchase goods through an affiliated society, because the terms of the operating agreement say purchases must be put to tender. However, adding two more directors to your Board or changing the name of your organization would be fine, because these changes do not contravene the terms of the agreement. BC Housing is also interested in knowing about any change that affects the purpose of your organization or its democratic operational structure.

Other housing program operating agreements require that all changes to constating documents be approved by BC Housing.

Refer to chapter one of the Administration section of the *Operations Guide* for information on the legislative Acts that affect your organization.
