

# **Report of the Risk Underwriting Fund for the year ending December 31, 2017**

## **Purpose of the Fund**

CHF Canada created the Risk Underwriting Fund (RUF) in 1981 to act as a source of last-resort financing for its member housing co-operatives. The Fund offers loans to co-ops. Occupied co-ops and co-ops trying to get started can apply to the Fund. For example, a housing co-op that is just starting out might need a RUF loan until government start-up funds come through. An existing co-op might need a short-term loan to pay for repairs to its buildings.

## **Volume of Activity**

Since starting up, the Fund has guaranteed or loaned a total of \$4,859,126 to housing co-ops.

## **Sources of Funding**

RUF has to have funds of its own in order to make loans or to guarantee loans. Its money comes from donations, deposits and pledges:

- CHF Canada keeps a deposit of \$150,000 in the Fund.
- National co-operatives such as The CUMIS Group Limited, The Co-operators Group and Credit Union Central of Canada have contributions in the Fund.
- Housing co-ops, federations of housing co-ops, co-op housing development groups, and even co-op members have deposited money with the Fund.

The total value of the Fund today is \$446,440.

## **Repayment of Losses**

The Fund has agreed with its contributors to cover losses in any year as follows:

- CHF Canada pays the first \$50,000 of any losses
- losses beyond \$50,000 are shared by all contributors to the Fund, including CHF Canada

- a contributor's share of each loss is based on its share of the loan loss pool set up for that loan. For example, if a contributor had a combined deposit and pledge equal to 10% of the total Fund when the loan was given, the contributor's share of the loan loss pool was 10%. It will pay 10% of the part of any loss to be met by Fund contributors.

Since 1981, there have been losses on seven loans for a total loss of more than \$140,307. CHF Canada paid \$113,690 of this; the rest was shared by the Fund contributors. In 1996, an amount of \$60,000 was recovered from two borrowers and shared among CHF Canada and the Fund contributors.

### **Activities in 2017**

	<b>Loans/Guarantees</b>	<b>Amount</b>
At January 1 <sup>st</sup>	2	\$ 64,156
Plus new loans/guarantees	0	\$ 0
Less loans/guarantees repaid	0	\$ 21,645
Less loan losses	0	0
At December 31 <sup>st</sup>	1	\$ 42,511

At December 31, \$393,996 was available for new loans.

In 2012, the Board of Directors approved revisions to the rules of the Fund that would permit the Fund to offer direct loans to borrowers. The revised policy remains in effect.

### **RUF Administration Committee**

The Administration Committee looks after the Fund. The Committee has the final word on all lending decisions. No appeals to the Board of Directors of CHF Canada are permitted.

CHF Canada's Board of Directors appoints five representatives to the RUF Administration Committee:

- one from outside organizations contributing to RUF
- three from CHF Canada's members (two with co-op housing development experience and one with co-op management experience)
- one from CHF Canada's Board of Directors.