



RULES of:(name) Mutual Home Ownership Society Limited

Registered as a bona-fide Co-operative society under the Industrial & Provident Societies Act 1965

Register No.

Date of registration

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Version : model mutual home ownership society May 2008

FULLY MUTUAL RULES

Registration No:

NAME AND STATUS

1. a] The name of the Society shall be
.....Mutual Home Ownership Society Limited [the "Society"].
- b] The Society is a bona fide Society within the meaning of Section 1 (2) of the Industrial and Provident Societies Act 1965 [the "Act"].

OBJECTS

2. The objects of the Society shall be:
 - a] the provision, construction, conversion, improvement, or management on the Co-operative Principles as set out in appendix 1 to these rules [the "Co-operative Principles"] of housing exclusively for occupation by members of the Society under the terms of a lease granted to them by the Society or under the terms of a tenancy of property owned or managed by the Society solely or jointly with another member or members which shall, if it is a lease granted to them by the Society:
 - include rights to purchase equity shares in the portfolio of residential properties owned by the Society; and
 - exclude all rights for a member to purchase the individual dwelling s/he occupies; and
 - exclude any right to dispose of or assign the lease to any person other than to a person who is a member or prospective member of the Society in accordance with the terms of the lease and with the prior written consent of the Society; and
 - include the right of the member to assign his or her equity shares in the Society when they assign their lease in accordance with its terms or at such other times with the consent of the Society as the equity share scheme in the lease permits for a value determined by the formula for valuing equity shares set out in the lease; and
 - require the member to assign the lease to the Society or, at the Society's direction, to a member or prospective member of the Society on ceasing to be a member ;

and/or

- b] the provision and improvement on the Co-operative Principles of land, buildings, amenities, or services for the benefit of the members, either exclusively or in conjunction with other persons; and/or
- c] the provision of housing management services to members of the Society and to the occupants of housing which is subject to a management agreement under which the Society acts as managing agent for the housing owner which remains the landlord; and/or
- d] the promotion of the sustainable social, environmental and economic development of the Society and the community of which the Society is part; and/or
- e] the provision of support and assistance to other organisations with like objects or whose objects are to provide support and/or assistance in the finance, development, management, promotion, education or administration of housing co-operatives or the promotion of the application of the Co-operative Principles to other areas of social, economic and environmental sustainability.

POWERS

- 3. The Society shall have the power to do all things necessary or expedient for the fulfilment of its objects.

COMMITMENT TO DIVERSITY AND EQUALITY

- 4. In fulfilment of its commitment to the First Society Principle the Society shall, in carrying out its objects, actively seek to eliminate discrimination and promote good relations, equality of opportunity and value diversity. No member or person or groups of people wishing to become members or to use the services provided by the Society shall be treated less favourably because of their:
 - race, or
 - colour, or
 - ethnic or national origin, or
 - gender or gender reassignment, or
 - marital or civil partnership status, or
 - disability, or
 - sexual orientation, or
 - age, or
 - social status, or
 - responsibility for dependants, or
 - political or cultural or religious beliefs, or
 - any other matter which causes any person to be treated with injustice.

TRADING

- 5. The Society shall not trade for profit. Any surpluses from the Society's activities shall not be treated as profit and may be used as provided by these rules and the Society Principles.

REGISTERED OFFICE

6. The registered office of the Society shall be at
..... Notice of any change of address of the registered office shall be sent to the Financial Services Authority within fourteen days of such change or within such other time as may be required by the Financial Services Authority.

VOTING SHARE CAPITAL

7. a] The voting share capital of the Society shall be raised by the issue of voting shares. Each voting share has the nominal value of £1. A voting share shall be issued to each member upon admission to membership of the Society.
- b] Voting shares shall not be withdrawable or transferable, and shall carry no right to interest, dividend or bonus.
- c] When a member ceases to be a member or is expelled from the Society, his or her voting share shall be cancelled. The amount paid up shall become the property of the Society.

MEMBERSHIP

8. A member of the Society shall be a person who holds a voting share in the Society and whose name is entered in the register of members. A member shall be either:
- a] a founder member [see rules 15 and 16]; or
- b] an ordinary member [being a member who is not a founder member] and who is a leaseholder or tenant of a property owned or managed by the Society.
9. The register of members shall include the address of each member. It shall be the responsibility of the member to advise the Society of any change to his or her address. Any requirement in the Act or in these rules that a notice be served on the member shall be satisfied if notice has been delivered to the address recorded in the register of members. Each notice or communication sent by the Society to a member by post addressed to the member at the address for that member in the register of members shall be deemed to have been duly served on the member 48 hours after having been posted or within 24 hours after being sent to the member by electronic means.
10. All leaseholders or tenants of the Society must be members and all ordinary members must be leaseholders or tenants of property owned or managed by the Society.
11. Every member shall take up and hold only one voting share in the Society. Voting shares shall not be held jointly.

EQUITY SHARES

12. The Society shall be entitled to enable members to hold an equitable interest in the value of the housing assets owned by the Society through owning and financing equity shares issued by the Society.

13. The total value of the equity shares issued by the Society shall not exceed the initial value of the housing assets owned by the Society on the date on which the housing owned by the Society first became available for occupation by members. Each equity share shall have a face value at the date of issue of £1,000 [one thousand pounds] or such other multiple of £100 [one hundred pounds] as the Society may determine in general meeting before the equity shares are issued.
14. The manner in which equity shares are valued when members assign them shall be in accordance with the formula and the terms and conditions for the valuation of equity shares set out in the lease agreement between the Society and its members which grants to members the right to occupy the housing owned by the Society. The lease shall also set out the equity scheme operated by the Society which shall include the procedures and circumstances under which a member may assign their occupancy rights and equity shares to an incoming member or, in specified circumstances, assign some of their equity shares to another member who wishes to purchase them. The assignment of occupancy rights and equity shares shall require the consent of the Society and the equity scheme in members' leases shall set out the circumstances in which it will be reasonable for the Society to consent or refuse consent to the assignment of occupancy rights and equity shares.

FOUNDER MEMBERS

15. The founder members of the Society shall be those persons signing the application for registration of the Society.
16. After registration of the Society a person may be admitted as a founder member at the discretion of the Board.
17. The person signing the application for registration of the Society shall, immediately after registration of the Society and upon payment of the sum of £1, be issued with one voting share and his/her name shall be entered into the register of members as a founder member. Any person subsequently admitted as a founder member under rule 16 shall pay the sum of £1, be issued with one voting share and shall have his or her name entered into the register of members as a founder member.
18. As soon as practicable after the accommodation provided by the Society is ready for occupation and the Society has made arrangements which are satisfactory to the founder members for the future management of the Society, every founder member not having entered into a lease or tenancy agreement of property owned or managed by the Society shall resign from membership of the Society at the special general meeting convened for that purpose under rule 42 [c].
19. A founder member may resign from membership by giving one months notice in writing to the secretary of the Society.

APPLICATION FOR MEMBERSHIP

20. The Board may within their absolute discretion and in accordance with the procedure which may be laid down from time to time by the Society in general meeting, and subject to the provisions of rules 15, 16 and 17, admit or refuse to admit any person to membership of the Society save that such person must be a tenant or prospective tenant of the Society.
21. Every application for ordinary membership shall be made to the Board at the registered office of the Society. The Board shall consider any membership application and, if it is approved, the

applicant shall be required to forward the sum of £1 to purchase the applicant's voting share. On receipt of such sum by the Society, the name of the applicant shall be entered into the register of members as an ordinary member and one voting share in the Society shall be issued to him or her.

22. A person shall not be admitted to membership if s/he is under the age of 18 years.

TERMINATION OF MEMBERSHIP

23. A member shall cease to be a member if:

- a] the member dies; or
- b] the member is expelled from membership by a general meeting under rule 26 for acting in a manner that is detrimental to the interests of the Society or its other members; or
- c] being a leaseholder in housing provided by the Society and holding equity shares the member ceases permanently to occupy that housing and assigns his/her lease and equity shares with the consent of the society as provided for in the equity share scheme in their lease; or
- d] being a tenant of a property owned or managed by the Society the member ceases to permanently to occupy that housing or resigns by writing to the secretary giving one month's notice of his/her intention to resign; such notice shall constitute conclusive evidence of notice to terminate that member's tenancy agreement with the Society.

24. If a member ceases to be a member because:

- a] he/she dies and there is no member of the former member's household entitled to rights of succession under the terms of the lease or tenancy, or
- b] a member is expelled from membership under the provisions of rule 26 b]

the Society shall be entitled to terminate or forfeit that former member's lease or tenancy in accordance with the provisions the lease or tenancy contains for forfeiture or termination and assign any equity shares held by that former member at the price determined by the valuation formula in the lease or such lesser sum as may be the highest price reasonably obtainable at that time by the Society, in which event the Society shall pay to the person who has ceased to be a member, or, if the member is deceased, to their estate, the price obtained less the Society's reasonable costs in handling the sale.

25. The date on which any member ceases to be a member shall be entered in the register of members.

EXPULSION FROM MEMBERSHIP

26. a] An ordinary member may be expelled by a resolution carried by the votes of two-thirds of the members present and voting at a general meeting of the Society of which due notice has been given. Before a resolution to expel a member is considered at a general meeting a complaint, in writing, of conduct detrimental to the interests of the Society or its other members shall be sent to the member by order of the Board or the Society by resolution passed at a general meeting not less than 28 days before the general meeting at which the resolution to expel them is to be considered. The complaint shall

contain particulars of the conduct complained of and shall call upon the member to answer the complaint and attend the meeting. At the meeting the members present shall consider the evidence in support of the complaint and such evidence as the member facing expulsion may wish to place before them. If, on due notice, the member facing expulsion fails to attend the meeting without due cause the meeting may proceed in his/her absence.

- b] No person who has been expelled from membership shall be readmitted except by a resolution by the votes of at least 2/3^{rds} [two-thirds] of the members present and voting at a general meeting of which due notice has been given.
- c] If a member is expelled under this rule the Society shall immediately take such steps as may be required to lawfully terminate the expelled member's tenancy or terminate or forfeit the expelled member's lease.

DEATH OR BANKRUPTCY OF A MEMBER

- 27. a] A member may, in accordance with the Act, nominate a person or persons to whom the value of any of their property held by the Society, including the value of his or her equity shares but excluding his or her nominal voting share, shall be transferred at their death.
- b] Upon a claim being made to any property held by the Society by the personal representatives of a deceased member or the trustees in bankruptcy of a bankrupt member, the Society shall, on receiving satisfactory proof of the death of the member who has made a nomination or satisfactory proof of bankruptcy, pay or transfer any property to which the representative or trustee has become entitled.

GENERAL MEETINGS

- 28. The Society shall meet in general meetings, which shall be of three types as follows:
 - a] annual general meetings;
 - b] ordinary general meetings;
 - c] special general meetings;

CONVENING GENERAL MEETINGS

- 29. a] Each general meeting shall be convened by the secretary by notice in writing posted to or delivered at the address for each member in the register of members or sent by email or other electronic means that creates a record of sending not less than fourteen clear days before the date of the meeting.
- b] Each notice convening a general meeting shall state:
 - i] whether the meeting is:
 - an annual general meeting required by these rules; or
 - an ordinary general meeting called in accordance with the policy for convening ordinary general meetings of the Society agreed from time to time by a general meeting; or

- a special general meeting convened in accordance with the provisions of rule 32;
- ii] the date, time and place of the meeting;
- iii] the business to be transacted at the meeting.
- c] Proceedings at a general meeting shall not be invalidated by reason of accidental omission to send notice of the meeting to a member, or by non-receipt of such notice by a member.
- d] Each member shall be entitled to attend and vote at a general meeting on production of such evidence of membership as the Board may from time to time determine.
- e] A member may exercise his or her vote at a general meeting by proxy by nominating another member to cast his or her vote at the meeting on his or her behalf. Such nomination must be:
 - in writing, and
 - give the name and address of the member authorised to exercise the proxy vote, and
 - be signed by the nominating member, and
 - be delivered to the secretary no later than three clear days before the date of the meeting.
- f] The time, date and place of each general meeting shall be determined by the Board.

PROVISIONS APPLICABLE TO ANNUAL GENERAL MEETINGS

30. a] An annual general meeting shall be held within six months of the end of each financial year of the Society.
- b] The functions of the annual general meeting shall be:
- i] to receive the accounts and balance sheet together with the auditor's report for the preceding financial year;
 - ii] to receive a report by the Board on the state of affairs of the Society, signed by the chair of the Board meeting at which the report was adopted for presentation to the annual general meeting;
 - iii] to elect the Board for the coming year;
 - iv] to decide the frequency of ordinary general meetings to be held during the coming year;
 - v] to appoint the auditor as provided for in rule 82;
 - vi] to consider any other resolutions relating to the business of the Society which have been included in the notice convening the meeting.

PROVISIONS APPLICABLE TO ORDINARY GENERAL MEETINGS

31. a] Ordinary general meetings shall be held at such times as may be decided by the Society at its annual general meeting.
- b] The functions of ordinary general meetings shall be:
- i] to receive the interim report by the Board on the state of affairs of the Society;
 - ii] to receive the report from the treasurer on the financial affairs of the Society;
 - iii] to consider any other resolutions relating to the business of the Society which have been included in the notice convening the meeting.

PROVISIONS APPLICABLE TO SPECIAL GENERAL MEETINGS

32. a] A special general meeting shall be convened, either by order of the Board, or upon a written requisition to the secretary signed by not fewer than six members of the Society or 1/10th [one tenth] of the members of the Society, whichever shall be the greater number. Such requisition shall state the business for which the meeting is to be convened.
- b] The secretary shall convene the meeting within five days of, and the date of the meeting shall be within 14 days of the date of receipt by the secretary of the order of the Board or the requisition provided for in paragraph [a] of this rule.
- c] In the event of the secretary's failing to convene the special general meeting in accordance with paragraph [b] of this rule the Board or requisitioners may themselves give notice of and convene the meeting and any reasonable expenditure incurred by them in convening the meeting shall be reimbursed to them by the Society.
- d] The only business which shall be transacted at a special general meeting is that mentioned in the notice convening the meeting.

QUORUM FOR GENERAL MEETINGS

33. a] No business shall be transacted at any general meeting unless a quorum of members is present at the time the meeting proceeds to business. Six members, or if the number of members at any time exceeds sixty members, 1/10th [one tenth] of the total number of members shall form a quorum. Members not present in person but voting by proxy shall not be counted towards the quorum required by this rule.
- b] If no quorum is present within half an hour of the time appointed for the meeting, the meeting shall stand adjourned until reconvened in accordance with the provisions of paragraph [c] and [d] of this rule.
- c] If a meeting is adjourned in accordance with paragraph [b], the secretary shall make such arrangements as may be necessary for the adjourned meeting to be reconvened within ten days of the original date of meeting. The place, date and time at which such

an adjourned meeting shall be reconvened shall be communicated to each member by notice in writing, such notice being duly served not less than 48 hours before the time at which the reconvened meeting shall commence.

- d] If the meeting at which no quorum is present within half an hour of the time appointed for the meeting is a special general meeting convened upon receipt of a written requisition signed by no fewer than six members, the meeting shall not be adjourned and the business for which the meeting was called shall not be considered unless it is included in the notice by which another general meeting is convened in accordance with rule 29.
- e] If at an adjourned meeting a quorum is not present within half an hour of the time appointed for the meeting, the members present shall be a quorum.

PROCEEDINGS AT GENERAL MEETINGS

- 34. Conduct of general meetings shall be in accordance with such standing orders as may from time to time exist, subject to, and in so far as any such standing orders do not conflict with these rules.
- 35.
 - a] The chair of the meeting may with the consent of a majority of the members present adjourn any meeting but no business shall be transacted at any adjourned meeting other than the business not received or left unfinished at the meeting from which the adjournment took place.
 - b] Every adjourned meeting shall be deemed a continuation of the original meeting and any resolution passed at the adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date. An adjourned meeting shall be reconvened in accordance with the provisions in rule 33 [c] and [e].
- 36. At all general meetings of the Society the chair of the Society shall preside as chair or if he or she is not present or is unwilling to act, the members present shall elect a member, who shall be a member of the Board if any such person is present and willing to act, to be the chair of the meeting. If no Board member is present or willing to act the members present at the meeting shall elect a member from among themselves to chair the meeting.

VOTING AT GENERAL MEETINGS

- 37. Every member present in person at a general meeting shall have one vote. Except where otherwise specified in these rules, resolutions at general meetings shall be decided by a majority vote of members present and voting or voting by proxy. Votes shall be taken openly by a show of hands from members present and by the raising of a copy of a duly signed proxy voting form by members voting by proxy on behalf of absent members unless, before a resolution is put to the vote, a secret ballot is demanded by not less than 1/10th [one tenth] of the members present at the meeting. Voting shall be conducted under the direction of the chair in accordance with such standing orders as may have been agreed by the Society in general meeting. A resolution on which voting is tied shall be deemed to have fallen. Any question as to the acceptability of any votes shall be determined by the chair. The chair's decision as to the acceptability of any votes shall be final unless a member challenges the decision of the chair. If a challenge is made to the chair's decision about the acceptability of any vote the matter shall immediately be put to the meeting and the acceptability or unacceptability of the chair's decision shall be decided by majority vote for or against the chair's decision on a show of hands by those

members present. Proxy votes shall not be counted in deciding the acceptability or unacceptability of the chair's decision.

BOARD OF DIRECTORS

38. The Society shall have a board of directors [called "the Board"] which shall control and direct the management of the day to day business of the Society.
39. The first Board members shall be the founder members of the Society.
40. Excluding co-opted members, the Board shall consist of not less than seven members, or of such greater number not more than fifteen as may be decided by the Society in general meeting.
41. The Board may from time to time co-opt for any period any suitable persons, whether members of the Society or not, to serve on the Board and may remove such persons. A person co-opted under this rule may take part in the deliberations of the Board and vote at any meeting of the Board. A person may be co-opted to the Board even if their co-option increases the size of the Board beyond the number determined under rule 40. Not more than three such persons shall serve on the Board at any one time.
42.
 - a] The founder members who serve as the first Board members and such other persons as they may have co-opted to the Board shall, except as provided in paragraph [b] of this rule, continue in office until the special general meeting called in accordance with paragraph [c] of this rule.
 - b] A Board member holding office before the special general meeting referred to in paragraph [c] of this rule may be removed from office by a resolution carried by 2/3^{rds} [two thirds] of the Board members present and voting in person at a special meeting of the Board called in accordance with rule 62. If any Board member shall be removed from office in accordance with this rule the Board members remaining in office may, in accordance with rule 50, fill the vacancy arising by the removal of such a Board member.
 - c] As soon as may be practicable after the accommodation provided by the Society is ready for occupation and the founder members are reasonably satisfied that appropriate arrangements have been made for the future management of the Society's affairs, the secretary shall convene a special general meeting for the purpose of electing, in accordance with the procedures set out in rules 44-49, a Board and accepting the resignation of the founder members whose places shall be at once taken by those elected to the Board at the special general meeting.

SHADOW BOARD

43. While the founder members serve as the Board under the terms of rules 39 to 42 [that is until the special general meeting convened under the provisions of rule 42 c)] the ordinary members of the Society shall be invited at general meeting to elect a shadow Board and shadow officers. The shadow Board shall conduct its activities in accordance with terms of reference and standing orders laid down from time to time by the founder members and shall have the following functions:
 - a] to act as a forum for consultation with the founder members or their agents on day to day matters affecting the management of the Society;

- b] guide the training of members of the Society so that members have the understanding necessary to manage their own affairs in accordance with accepted good practice for the management of affordable housing or under agreements entered into by the Society so that the special general meeting to accept the resignation of the founder members under rule 42 c] may be called; and
- c] guide the development of the Society so that it becomes a thriving housing community that is socially, economically and environmentally sustainable.

ELECTION OF BOARD AND OFFICERS

- 44. a] At every annual general meeting of the Society after the special general meeting convened in accordance with the rule 42[c] all the Board members for the time being shall retire from office.
 - b] A retiring Board member shall be eligible for re-election but must be duly nominated as provided for in rule 47.
- 45. The Board shall, at their first meeting after the registration of the Society, elect a chair and treasurer from their own number and appoint a secretary to hold office until the special general meeting called to accept the resignation of the founder members in accordance with rule 42[c].
- 46. The Board shall at their first meeting after the special general meeting called in accordance with rule 42[c], and subsequently at their first meeting after each annual general meeting, elect a chair, who is a Board member and member of the Society, and elect a secretary and a treasurer to serve until the close of the next annual general meeting.
- 47. Nominations of members willing to stand for election to the Board shall:
 - be in writing, and
 - state the full name, address and occupation of the member nominated, and
 - be signed by the member making the nomination, and
 - contain a signed statement by the member nominated of his or her willingness to be elected to the Board, and
 - contain a statement by the member nominated of his or her willingness to accept the responsibilities of a member of the Board set out in rule 69, and
 - be left at the registered office of the Society, or with the secretary of the Society at the address specified on the nomination form issued with the notice of the meeting, not later than seven days before the date appointed for the general meeting at which elections are to take place.
- 48. Candidates standing for election may also make a statement, not longer than one hundred words, in support of their candidacy which, if made, shall be circulated by the secretary to all members of the Society not later than three days before the meeting at which elections are to take place.
- 49. The election of Board members shall be conducted in the following manner:
 - a] if at any annual general meeting the Board members offering themselves for re-election together with any other of the members duly nominated for election to

the Board do not exceed the number of Board members to be elected, having regard to any decision made by the Society under the provisions of rule 40:

- i) the Board members standing for re-election and the members duly nominated shall be declared by the chair to have been duly elected or re-elected unopposed; and
 - ii) the meeting may, if the members decide to do so by a majority vote by members present or voting by proxy, accept nominations from the floor to fill the vacancies which remain;
- b] if the Board members standing for re-election and other members duly nominated to serve as Board members exceed the number of Board members to be elected, the secretary or in the absence of the secretary the chair of the Society or other member of the Board nominated by the Board to act as Returning Officer for the election shall, prior to the general meeting at which the elections are to take place and after the date for the close of nominations, prepare or cause to be prepared a ballot paper for the election of Board members: the ballot paper shall state that it is for the election of Board members, give the full names of the members nominated for election to the Board and make provision for a member to record his/her vote on the ballot paper;
- c] each member present in person or voting by proxy shall be entitled to one vote for each vacancy to be filled but shall not give more than one vote to any one candidate;
- d] the votes cast for each candidate shall then be counted and the candidates placed in order according to the number of votes cast for each of them;
- e] the member with the highest number of votes shall be declared elected to the Board followed by the member with the second highest number of votes and so forth until all the available places on the Board are filled. If, however, there is a tie of votes among the lowest scoring candidates for the last available place or places on the Board a second ballot shall be held to decide which of the lowest scoring candidates with tied votes shall be elected to serve on the Board. This second ballot shall be held immediately after the result of the first ballot is declared and, if necessary, shall be repeated until such time as all vacancies on the Board have been filled. In any second or subsequent ballot each member present in person or voting by proxy shall be entitled to one vote for each vacancy remaining to be filled but shall not give more than one vote to any one candidate;
- f] if, having followed the procedure in b] to e] above, a tied vote remains unresolved, the winning candidate shall be selected by the drawing of lots.

CASUAL VACANCIES ON THE BOARD

50. If a vacancy on the Board is not filled by election at the annual general meeting, or if a casual vacancy occurs because of the death or resignation of a Board member, or occurs under the provisions of rule 51 and is not filled at the meeting, the vacancy may be filled by the Board.

REMOVAL OF BOARD MEMBER

51. A Board member may be removed from office, either:
- a] by a resolution carried by a majority of the votes given in person or by proxy in favour of the resolution to remove the Board member at a general meeting or special general meeting at which the resolution to remove the named Board member appeared on the notice convening the meeting, or
 - b] if the Board member is in breach of his or her tenancy or lease and has, within a reasonable time of being notified of it, failed to rectify the breach or has had legal proceedings for the termination of his/her tenancy or for the forfeiture of his/her lease commenced against them, by a resolution to remove the Board member from office passed by a majority 2/3^{rds} (two-thirds) of the members of the Board present and voting at a duly convened meeting of the Board.
52. The general meeting or special general meeting at which a Board member is removed may proceed to fill the vacancy in accordance with the election procedures set out in rule 49 save that nominations for the vacancy created may be made from the floor of the meeting and the ballot papers for the election may be provided in the manner the chair of the meeting directs.
53. A Board member shall be deemed to have vacated his or her office if he or she:
- a] becomes bankrupt or enters into an individual voluntary arrangement with creditors, or
 - b] ceases to be a member under rule 23, or
 - c] is disqualified to serve as a director of a company under the provisions of the Company Directors Disqualification Act 1986, the Companies Act 1992, the Insolvency Act 2000 or any other legislation that disqualifies a person from serving as a director of a company, incorporated charity or a co-operative or industrial and provident society, or
 - d] is convicted of an indictable offence, or
 - e] after the special general meeting convened under the provisions of rule 42[c], absents him or herself from four consecutive meetings of the Board without special leave of absence.

AVOIDANCE AND DECLARATION OF CONFLICTS OF INTEREST

54. a] Committee members shall at all times seek to avoid conflicts of interest between his or her personal activities and his or her role as a Board member of the Society. Once a year, each Board member shall be required to complete a declaration of interests form on which any known or potential conflict of interest shall be disclosed. Any conflict or potential conflict of interest disclosed shall be recorded by the secretary in a conflicts of interest register which shall be open for inspection at the Society's registered office.
- b] If the Society is registered with the Housing Corporation or a successor body as a registered social landlord or provider of social housing it shall not enter into any contract or grant any benefit to a Board member or a person who has been a Board member

Model mutual home ownership society rules: May 2008

within the last twelve months, or to a close relative of such persons, that would cause the Society to be in breach of the provisions of schedule 1 to the Housing Act 1996 or amended or subsequent legislation which makes the grant of such contracts or benefits unlawful.

55. Where a conflict of interest cannot be avoided, any Board member who is interested or has a member of his household or a close relative who is interested:

- personally, or
- as a member of a firm, or
- owner of a business, or
- director of a company, or
- officer of a bank or building society, or
- in any way whatsoever

in any decision, contract, arrangement, transaction or any other matter about to be discussed by the Board that Board member shall disclose his or her interest to the Board at the meeting. Any Board member who has disclosed a conflict of interest shall withdraw from the meeting while the matter is discussed by the Board and shall not vote on the matter. If by inadvertence he or she does remain while a matter on which he or she has declared a conflict of interest his or her vote shall not be counted. Any Board member so interested shall not be accountable for any profit he or she may receive from such transaction, but he or she shall vacate his or her office either for a period or permanently, if requested to do so by the remaining members of the Board at a special meeting of the Board convened to consider such request. Any act done in good faith by a Board member [whether or not his or her office is vacated under the terms of this rule] shall be valid unless prior to the doing of such act written notice has been served on the Board and an entry has been made in the Board's minute book stating that such Board member has ceased to be a member of the Board.

56. For the avoidance of doubt, a Board member shall be deemed not to be interested in any contract, arrangement or other transaction if that interest:-

- a] is as a leaseholder or tenant of property owned or managed by the Society and the contract, arrangement or transaction under discussion does not relate exclusively to the property of which that Board member is a tenant; or
- b] will not, or is not likely to, result in any pecuniary or other advantage to that Board member, or to a member of that Board member's family, or a close relative.

57. The examples above in rule 55 and 56 are interpretative of the intention of rule 54 to ensure that personal interests and conflicts of interest are declared and avoided. The examples given are for the purpose of illustrating the intention of these rules and are not exclusive.

PROCEEDINGS OF THE BOARD

58. The Board shall meet at least four times in every calendar year at such times and places as the Board shall decide. Seven clear days' notice of the date and place of such meetings shall be given in writing or by email or other electronic means which creates a record of sending by the secretary to all Board members and persons co-opted to the Board.

59. The quorum of the Board shall be:

- if the number of validly elected or appointed Board members is more than ten, one third of that number;
 - if the number of validly elected or appointed Board members is less than ten, one half of that number.
60. Notwithstanding any vacancies on the Board, the remaining Board members may continue to act. If at any time the number of Board members falls below the number necessary for a quorum, the remaining Board members may act as the Board for a maximum period of six months. If, after this six month period has expired, the Board has not appointed Board members to make up their number to that which is necessary for a quorum, the only power which the Board may exercise shall be to convene a general meeting of the Society to elect, in accordance with the election procedure set out in rules 47 to 49, such number of Board members as is required to bring the number of members of the Board to the number necessary to comply with quorum required by rule 59.
61. a] If the general meeting called under rule 60 to elect the number of Board members necessary for a quorum is unable to elect such Board members because there is an insufficient number of members willing to take responsibility for the democratic governance of the Society, the general meeting shall appoint a special manager to manage the Society's business in the absence of a duly elected Board. The special manager shall not be a member of the Society but shall be either a co-opted member of the Society's Board, an employee, a consultant, or a body corporate. The special manager may exercise all the powers of the Board under these rules that are necessary for the continuing day to day management of the Society's established business but shall not have the power to expand the scope or nature of the Society's business activities. The special manager shall, as soon as may be practicable after appointment, call a special general meeting to present to the members proposals for rejuvenation and re-establishment of the Society's democratic governance. If such proposals are not accepted by the Society, the special manager shall put to the members at the same or subsequent special general meeting proposals for the amalgamation, transfer of engagements, or dissolution of the Society under the provisions of rules 99 -102
- b] A special manager appointed under this rule may be removed by resolution of a general meeting or special general meeting that elects a Board with sufficient members to form a quorum required by rule 59.
62. Special meetings of the Board may be called either by the secretary, or by a notice in writing given to the secretary by the chair of the Board, or by two Board members, specifying the business to be transacted at the special Board meeting. The secretary shall communicate every such notice in writing or by email or other electronic means to all Board members and persons co-opted to the Board as soon as possible after receipt. The special meeting shall be held at the ordinary place for meetings of the Board or such other place as may be specified in the notice convening the meeting. The special meeting shall be held not earlier than three clear days and not later than ten clear days after the receipt by the secretary of the notice requesting it. If the secretary fails to convene the special meeting as required by this rule, the chair of the Board, or the two Board members who have given the notice in writing, may call the meeting. No other business shall be done at the meeting other than the business named in the notice convening the special Board meeting.

POWERS OF BOARD

63. The business of the Society shall be conducted by the Board which may exercise all such powers as may be exercised by the Society and are not by these rules or by statute required to be exercised by the Society in general meeting. The Board shall in all things act for and in the name of the Society.
64. Without prejudice to the general powers conferred on the Board by these rules the Board may exercise the following powers:
- a] to purchase, sell, build upon, lease, mortgage or exchange any property or land and to enter into any contracts and settle the terms of such contacts;
 - b] to compromise, settle, conduct, enforce or resist either in a Court of Law or by arbitration any suit, debt, liability or claim by or against the Society;
 - c] to determine from time to time the terms and conditions upon which the property of the Society is to be let, leased or sold, and to make, revoke, and alter and at all times enforce as it thinks fit, such terms and conditions;
 - d] to appoint and remove all solicitors, architects, surveyors and employees of every description;
 - e] to appoint and remove managing agents and to determine from time to time their remuneration and the terms and conditions upon which the managing agents are to act on behalf of the Society;
 - f] to pay all such expenses, including travelling expenses, as are properly incurred by any Board members or persons co-opted to the Board or sub-Board in the execution of his or her duties;
 - g] to take up corporate membership of The Co-operative Development Society Ltd or other secondary Society from which the Society purchases services;
 - h] to become a member, affiliate or subscribe to Co-operatives^{UK} and the Confederation of Co-operative Housing, or
 - i] to affiliate or subscribe to any other organisation that will assist the Society achieve its objects in such manner as the members voting at a general meeting of the Society may from time to time determine.
65. A receiver appointed by a mortgagee may exercise such powers of the Board as s/he deems to be necessary to carry out his/her duties.
66. a] The Board may delegate any of its powers to sub-committees consisting of such Board members and other persons as it thinks fit.
- b] Any sub committee shall, in carrying out the powers entrusted to it, conform to the instructions given to it by the Board and shall be governed by the provisions in these rules for regulating the meetings and proceedings of the Board or by any terms of reference or standing orders for the sub committee imposed by the Board.

- c] Members of any sub committee set-up under these rules shall be bound by the same obligations to disclose and avoid conflicts of interest as the Board is bound under rules 54 to 57.
 - d] The Board may also delegate such of its powers as may be necessary or expedient to managing agents appointed under 64[e] or to officers appointed under rule 66.
67. All acts done in good faith by any meetings of the Board or of any sub committee shall, notwithstanding that it shall be afterwards discovered that there was any defect in the appointment of any Board member or Board members or that any one or more of them were disqualified, be as valid as if every Board member had been duly appointed and was duly qualified to serve.
68. A resolution in writing signed by all Board members or by all members of a sub Board shall be as valid and effectual as if it had been passed at a meeting of the Board or sub Board duly called and constituted.

RESPONSIBILITIES OF BOARD MEMBERS

69. The responsibility of all Board members or sub committee of the Board, whether elected, or co-opted is to act only and at all times in the best interests of the Society and not for personal benefit or gain or on behalf of any constituency or special or partisan interest group. Without prejudice to this general responsibility each and every Board member shall:
- a] abide by the Code of Conduct for Board members as agreed from time to time by the Co-operative in general meeting;
 - b] read any agenda, minutes and other papers in advance of each Board meeting;
 - c] attend all Board meetings, unless it is genuinely not possible to do so, and make a positive and constructive contribution to Board proceedings, debate and decision making;
 - d] participate in appropriate training to ensure that he or she has sufficient knowledge and understanding of the Society's affairs in order properly to exercise the responsibilities and powers of a Board member;
 - e] avoid and declare any conflict of interest as provided for in rules 54 to 57;
 - f] comply with the Data Protection Act 1998 and treat all personal information about members and their households and applicants to the Society as confidential and not disclose any data held on any person by the Society to any other person or organisation unless required to do so by law; and
 - g] accept and fulfil the detailed statement of Board members' responsibilities as agreed from time to time by the Board and as contained in the letter of Board member's responsibilities which shall be sent by the chair to each Board member as soon as may be practicable after each Board member's election or appointment or at such other times as the Board may direct. Any Board member who does not sign the statement of Board member's responsibilities within one month of being required to do so shall cease to be a member of the Board.

OFFICERS

70. a] In addition to the three officers of chair, secretary and treasurer, the Society shall have such other officers as the Board may from time to time determine. The Society's officers shall be appointed and may be removed by the Board to carry out such tasks and fulfil such functions as the Board shall from time to time determine. The officers appointed by the Board shall, if they are members of the Society, not receive any remuneration for carrying out the duties of their office. Officers who are employees of the Society but not members shall receive such remuneration [if any] under their contracts of employment as the Board shall determine.
- b] The officers and other officers, if any, shall act under the supervision control and direction of the Board and shall discharge their powers and responsibilities in accordance with these rules and with such regulations, standing orders, policies, and procedures as may be established from time to time by the Society which are consistent with these rules.
- c] The chair shall normally preside at all general meetings of the Society. If at any general meeting or at any Board meeting the chair is absent or declines to act the members shall elect one of their number to chair the meeting.
- d] The secretary shall ensure that:
- meetings are properly called, and
 - the names of those present are recorded, and
 - minutes of meetings are kept, and
 - the register of members and officers is maintained, and that a register of equity shares in the Society is maintained as required by rule 90 b], and
 - the use of the Society's official seal is properly recorded, and
 - all returns required to be made to the Registrar at the Financial Services Authority or to any other statutory regulatory body or any other organisation to which the Society is required to submit returns are submitted by the due date and in the required form.
- e] The Society officers and any other officer of the Society shall produce or give up all books, papers, documents and records of the Society whenever required to do so by resolution of the Board or the Society in general meeting.

SECURITY BY OFFICERS AND INDEMNITY

71. The Board shall require every officer or employee having receipt or charge of money to provide to the Society an assurance of their honesty and integrity. This shall be done by the officer or employee becoming either bound with or without a surety as the Board may determine in a bond according to one of the forms set out in Schedule 4 of the Act or to give the security of a society or insurer of repute in such sum as the Board shall direct [commonly called 'fidelity guarantee insurance']. Every officer having receipt or charge of money shall, when required to do so by the Board or Society in general meeting, give a just and true account of all monies received by him or her on account of the Society and shall, as and when required to do so, pay all sums due from him or her to the Society.

72. a] Every officer shall be indemnified by the Society against all costs, losses and expenses which he or she may reasonably incur in the discharge of his or her duties including travelling and other out of pocket expenses, and the amount for which such indemnity is provided shall immediately attach as a charge on the property of the Society.
- b] No officer shall be liable for any loss happening to the Society through the execution of the duties of his or her office unless the loss is the consequence of his/her own dishonesty or gross negligence.

PAYMENTS TO OFFICERS AND BOARD

73. The Society shall not remunerate any member of the Society or any member of any sub Board established by the Society in respect of service as a member of any such sub Board or as an officer. This rule shall not prevent the reimbursement of expenses properly incurred by any person on behalf of the Society.

BORROWING POWERS

74. The Society shall have power to borrow money for the purpose of the Society provided that at the time of borrowing the sum of the amount remaining undischarged of monies previously borrowed and the amount of the proposed borrowing shall not exceed £20,000,000 [twenty million pounds] and that for this purpose:
- a] the amount remaining undischarged of any deferred-interest or index-linked monies previously borrowed by the Society or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such borrowing became repayable at the time of the proposed borrowing; and
- b] the amount of any proposed borrowing intended to be on index-linked or on any deep discounted security shall be deemed to be the proceeds of such proposed borrowing receivable by the Society at the time of the proposed borrowing.
75. The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the Board, is reasonable having regard to the terms of the loan. The Board may delegate the determination of the said interest rate within specified limits to an officer, Board member or to a sub Board.
76. The Society shall have the power to enter into rate cap and/or interest swap transactions and other financial hedging instruments to manage the risk of interest rate fluctuations on its borrowings if it considers it is prudent to do so. If it exercises this power it shall comply with the terms and conditions for entering into such transactions set out in appendix 2 to these rules.
77. The Society shall not receive money on deposit.
78. The Society may receive from any source, donations towards the work of the Society.

INVESTMENT

79. a] The funds of the Society may, to the extent permitted by the law for the time being in force, be invested:

- i] in any manner expressly authorised by the Act;
- ii] in any investments covered by Parts I, II and III of the First Schedule to the Trustee Investments Act 1961 or in stocks or shares or debentures of any body corporate but subject in the case of any investments under paragraphs 1 and 3 of Part III or of any body incorporated overseas to the taking of advice in accordance with the provisions of section 6 of the Trustee Investments Act 1961;
- iii] in shares, loan stock or on the security of any Industrial and Provident Society;
- iv] in any freehold, or leasehold property whatever in the United Kingdom;

but shall not be invested otherwise.

- b] The Society may, to the extent permitted by the law for the time being in force, delegate in writing to a suitable person the exercise of the management or investment of the property for the time being forming part of the property of the Society. A suitable person shall be a person whom the Society reasonably believes to be qualified by ability and experience in the matters delegated, and who is an exempted person for the purposes of Part I of the Financial Services Act 1986 as amended or re-enacted from time to time.
- c] The Society may appoint any member or members to vote on its behalf at meetings of any other body corporate in which the Society has invested any part of its funds.

BAN ON PAYMENTS OF PROFIT TO MEMBERS

80. No portion of the income or the property of the Society shall be transferred either directly or indirectly by way of bonus or otherwise by way of profit, to members of the Society except in so far as the equity share scheme in a member's lease may provide for payments to be made to the member on the assignment of the equity shares held in the Society.

SURPLUSES

81. a] The Society may apply any surpluses towards carrying out the objects of the Society.
- b] A general meeting may set aside any part of the surpluses arising in any year to be donated or loaned for any purposes that are compatible with the objects of the Society and determined by the members in general meeting.
- c] If in any year of account the Society's net income (excluding interest received and receivable on reserves) exceeds its expenditure and the Society can, to the satisfaction of its auditors, demonstrate that it has sufficient reserves to meet the immediate and longer term costs of fulfilling its responsibilities to repair and maintain the housing it owns or manages, the Society may use such part of the surplus as its auditors advise is prudent to declare a dividend payment to members and former members who left the Society during the year of account for which the dividend is declared. Such dividend shall be distributed to members and former members in proportion to their revenue transactions with the Society during the year of account for which the dividend payment is declared and in accordance with a scheme for dividend distribution certified as equitable by the Society's auditors and agreed by members in general meeting. Where

a dividend is declared and a member or former member owes a debt to the Society, whether from arrears of rent or service charge payments or for any other cause, that member or former member's dividend, or such part of it as may be required, shall be used to satisfy the debt.

AUDIT

82. a] The Society shall in accordance with Sections 4 and 8 of the Friendly and Industrial and Provident Societies Act 1968 ("the 1968 Act"), appoint in each year an auditor who is a qualified auditor under the terms of Section 7 of the 1968 Act to whom the accounts of the Society for that year shall be submitted for audit as required by the Act. The auditor shall have all such rights in relation to notice of and audience at general meetings, access to books, the supply of information and otherwise as are provided by the 1968 Act. Save as provided for in paragraph c] of this rule, every appointment of an auditor shall be made by resolution of the Society at a general meeting.
- b] None of the following persons shall be appointed as auditor of the Society:
- i] a member officer or employee of the Society;
 - ii] a person who has any of the following relationships to a Board member, officer or employee of the Society:
 - 1] a close relative [by blood or marriage];
 - 2] a partner of or a member of the person's family;
 - 3] an employer;
 - 4] a business partner.
- c] The first appointment of an auditor shall be made within three months of the registration of the Society and shall be made by the Board if no general meeting of the Society is held within that time.
- d] An auditor appointed to audit the accounts and balance sheet of the Society for the previous financial year shall be re-appointed as auditor of the Society for the current year of account, whether or not any resolution expressly re-appointing the auditor has been passed; unless:
- i] a resolution has been passed at a general meeting of the Society appointing somebody instead of the auditor or providing expressly that the auditor shall not be re-appointed; or,
 - ii] the auditor has given to the Society notice in writing that the auditor is unwilling to be re-appointed; or
 - iii] the auditor is not a qualified auditor or is a person mentioned in paragraph [b] of this rule;
 - iv] the auditor has ceased to act as auditor of the Society by reason of incapacity;
 - v] if the Society is a registered social landlord registered under Section 1 of the Housing Act 1996 and the Board has given notice in writing to the auditor of its intention to tender the audit in order to comply with the Housing Corporation's Code of Audit Practice;

provided that a retiring auditor shall not be automatically re-appointed if notice of an intended resolution to appoint another person in that auditor's place has been given in accordance with paragraph e] of this rule and the resolution cannot be proceeded with because of the death or incapacity of that other person or because that other person is not a qualified auditor or is a person mentioned in paragraph b] of this rule.

- e] A resolution at a general meeting of the Society:
- i] appointing another person as auditor in place of a retiring auditor; or
 - ii] providing expressly that a retiring auditor shall not be re-appointed;

shall not be effective unless notice of the intention to move it has been given to the Society not less than 28 days before the meeting at which it is to be moved. On receipt by the Society of notice of such an intended resolution the Society shall immediately send a copy of the notice to the retiring auditor. If it is practical to do so the Society shall give notice to its members of the intended resolution at the same time and in the same manner as it gives notice in accordance with these rules of the meeting at which the resolution is to be moved. Where the retiring auditor makes any representations in writing to the Society with respect to the intended resolution or notifies the Society that s/he intends to make such representations, the Society shall notify the members accordingly as required by Section 6 of the 1968 Act.

ACCOUNTS

83. The Society shall keep proper books and other records of account with respect to all its financial transactions and to its assets and liabilities in accordance with the requirements of Section 1 and 2 of the 1968 Act, and shall establish and maintain a satisfactory system of control of its accounting records, its cash holdings and all its receipts and payments.
84. The Board shall ensure that the Society's accounts and balance sheet are submitted for audit to the Society's auditor and the auditor shall in accordance with the requirements of Section 9 of the 1968 Act make a report to the Society on the accounts examined by the auditor and on the revenue account or accounts and the balance sheet for the year of account in respect of which the auditor has been appointed.

ANNUAL RETURNS

85. Every year not later than the date provided by the Act or where the return is made up to the date allowed by the Registrar not later than the time after such date as is permitted by the Act the secretary shall send to the Financial Services Authority in the form prescribed the Society's annual return relating to its affairs for the period required by the Act together with:
- a] a copy of the report of the auditor on the Society's accounts for the period included in the return, and;
 - b] a copy of each balance sheet made during the period and of the report of the auditor on that balance sheet.
86. The Society shall supply free of charge to every member or person interested in the funds of the Society on application a copy of the latest annual return of the Society together with a copy

of the accounts and balance sheet and the report of the auditor contained in the return and on the accounts and balance sheet.

87. The Society shall keep a copy of the latest balance sheet for the time being and auditors report hung up in a conspicuous place at its registered office.

INSPECTION OF BOOKS

88. Any member or person having an interest in the funds of the Society shall be allowed to inspect his/her own account and the books containing the names of the members, including the details contained in the duplicate register of members between the hours of 9.30am and 5.30pm on any day excepting Saturdays, Sundays and Bank Holidays or at any other place where the same records are kept, subject to this right of inspection being carried out in accordance with the arrangements for inspection of records as may be made from time to time by the Society in general meeting.

MINUTES AND RECORDS

89. Minutes of every general meeting and of every Board meeting shall be kept and presented for approval as an accurate record at the next respective meeting and signed by the chair of the meeting at which they are presented and approved. All minutes signed as an accurate record shall, subject to any amendments which may be recorded in the following meeting, be conclusive evidence of any facts stated in the minutes or decisions made at the meeting the minutes record.

90. The Society shall keep at its registered office:
- a] a register of members in which the secretary shall enter or cause to be entered the following particulars:
 - i] the names and addresses of the members;
 - ii] a statement of the share held by each member and the amount paid for the share;
 - iii] a statement of other property in the Society whether in loans or loan stock, held by each member;
 - iv] the date at which each person was entered in the register as a member, and the date at which any persons cease to be a member;
 - v] the names and addresses of the officers of the Society with the offices held by them and the dates on which they assumed office.

The inclusion or omission of the name of any person in or from the register of members shall, in the absence of evidence to the contrary, be conclusive that such person is or is not a member of the Society.

- b] a register of equity shares in the Society showing:
 - i] the date of issue of the equity shares, and
 - ii] the unique identifying reference number for each equity share, and

- iii] the initial value of the equity shares issued, and
- iv] the formula by which the increase [or decrease] in the value of each equity share issued is to be calculated, and
- v] the date(s), if any on which the equity shares have been assigned, and
- vi] the name and address of the member currently holding each equity share

91. The Society shall also keep at its registered office a duplicate register of members in which the secretary shall enter all the particulars in the original register of members other than those mentioned in paragraph a] ii] and iii] of rule 90. The Society shall also keep a duplicate equity share register in which the secretary shall enter all the particulars in the original register of equity shares other than those mentioned in paragraph b] v] and vi] of rule 90.
92. The registered name of the Society shall be kept painted or fixed in a conspicuous position in an easily legible form on the outside of every office or place in which the business of the Society is carried on, and the registered name of the Society shall be engraved in legible characters on its seal, and shall be mentioned in all business letters of the Society, notices, advertisements, electronic communications and other official publications of the Society and in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the Society and in all bills, invoices, receipts and letters of credit of the Society

SEAL

93. The Society shall have a seal kept in the custody of the secretary and used only by the authority of the Society. Sealing shall be attested by the signatures of the secretary and two members of the Board.

DISPUTES

94. a] Any dispute concerning matters governed by these rules between a member, or any person aggrieved who has not for more than six months ceased to be a member, and the Society or an officer thereof shall be considered in accordance with the Society's Disputes Procedure agreed from time to time by the Society in General Meeting. The secretary shall, on request, provide any member or person interested in the Society with a copy of the Society's current Dispute Procedure. Provided that any internal disputes procedure established by the Society has been exhausted without the dispute being resolved, either party may request the dispute to be submitted to the County Court whose decision shall be binding and conclusive, and application for the enforcement thereof may be made by either party to the County Court.
- b] The costs of referring the dispute to the County Court shall be borne as the County Court directs.

STATUTORY APPLICATIONS TO THE REGISTRAR

95. a] Any 10 members each of whom has been a member of the Society for not less than 12 months immediately preceding the date of the application may apply to the Financial Services Authority in the form prescribed by Treasury Regulations to appoint an accountant or actuary to inspect the books and other financial records of the Society and to report on them.
- b] 1/10th [one tenth] of the whole number of members, or if the number shall at any time exceed 1000, 100 members may apply to the Financial Services Authority in the form prescribed by Treasury Regulations:
- i] for the appointment of an inspector or inspectors to examine into the affairs of the Society and to report on the Society's affairs, or;
 - ii] for the calling of a special general meeting of the Society.

COPIES OF THE RULES TO BE SUPPLIED

96. The secretary shall provide a copy of these rules of the Society to each member free of charge and to any other person on demand on the payment of a charge of no more than 10 pence or such other charge as may from time to time be specified by the Registrar of Friendly Societies under the provisions of the Act.

AMENDMENT OF RULES

97. Any rule of the Society contained in these rules may be rescinded or amended or a new rule may be made by a resolution carried by 2/3rds (two-thirds) of the votes given on the resolution to amend these rules at any special general meeting of which notice has been given specifying the intention to propose such a rescission, amendment or new rule.
98. Application for the registration of every amendment of rules shall be made to the Financial Services Authority in the manner and form required by Treasury Regulations as soon as practical after the special general meeting at which the decision to rescind or amend or make a new rule has been taken. Once an amendment has been registered, a copy of it shall be issued to every member and supplied with every copy of the rules issued after the amendment of rules has been registered. No amendment of rules is valid until registered by the Financial Services Authority. If the Society is registered with the Housing Corporation under the provisions of Section 1 of the Housing Act 1996 no amendment of these rules is valid without the consent of the Housing Corporation given under the seal of the Corporation as required by Schedule 1, Part II, Paragraph 9(3) of the Housing Act 1996 and a copy of such consent from the Housing Corporation shall be sent with the copies of the amendment required by Section 1(1) of the Act when the application to register the amendment of these rules is made to the Financial Services Authority.

AMALGAMATION, TRANSFER OF ENGAGEMENTS AND DISSOLUTION

99. Subject to rule 102 the Society may, by special resolution passed at a general meeting in the manner prescribed in the Act, amalgamate with or transfer its engagements to any other Society having similar objects.

100. Subject to rule 102 the Society may be dissolved:
- a] by an order to wind up the Society or a resolution for the winding up in the manner provided for in the Act;
 - b] by the consent of three-quarters of the members shown by their signatures to an instrument of dissolution in the form provided for by Treasury Regulations.
101. If on the winding up or dissolution of the Society there remains after satisfaction of all its debts and liabilities, any assets or other property whatsoever, the assets or other property shall be disposed of by way of gift to another Society or Industrial and Provident Society having similar objects to the Society or to a charity which has, among its objects, the provision of housing or relief of homelessness. Such disposal shall be decided by special general meeting of the Society before dissolution. On the winding up or dissolution of the Society, no member shall receive any property or sum beyond:
- a] the repayment of any investment in the Society to which the member is entitled and any interest due on such investment; and/or
 - b] any payment to the member provided for in the member's lease or on the surrender of that lease of the increased value in any equity shares held by that member in accordance with the terms of the equity share scheme set out in the lease.
102. If the Society is registered with the Housing Corporation the statutory procedure under the Act referred to in rules 99 and 100 shall be subject to the consent of the Housing Corporation under the provisions of Schedule 1, Part II, Paragraph 12 of the Housing Act 1996.

INTERPRETATION

103. In these rules, unless the subject matter or context is inconsistent with them, the following words and phrases shall have the following meanings:
- a] words importing the singular or plural shall include the plural or singular respectively;
 - b] "the Act" refers to the Industrial and Provident Societies Acts 1965 to 2002, or any Act or Acts amending or in substitution for them for the time being in force;
 - c] "the Society Principles" refers to the principles adopted at the Centennial Congress of the International Society Alliance on 23rd September 1995, a copy of which are appended to these rules;
 - d] "the 1968 Act" refers to the Friendly and Industrial Provident Societies Act 1968;
 - e] "tenant" shall mean any person other than a body corporate who holds, either individually or jointly, a periodic tenancy entitling them to occupy residential property owned or managed by the Society and "leaseholder" shall mean any person other than a body corporate who holds either individually or jointly a lease for a specified term of years entitling them to occupy residential property owned by the Society and hold equity shares issued by the Society;
 - f] "general meeting" shall mean any meeting of the Society convened under rule 29, including annual general meetings, ordinary general meetings and special general meetings;

- g] "Board" shall mean a Board of Directors elected as provided for in rules 44 to 49;
- h] "Board member" shall include any person, whether a member of the Society or not, who is elected, appointed, or co-opted to serve on the Board;
- i] "surpluses" shall mean any money remaining after the Society's current expenses and obligations have been provided for and adequate allowance has been made for the Society's reasonably foreseeable future requirements;
- j] "Treasury Regulations" shall mean regulations made in accordance with Section 71 of the Industrial and Provident Societies Act 1965.
- k] For the purpose of rules 74 to 76 and appendix 2 to these rules:
- i] "Calculation Amount" "Effective Date" "Floating Rate Payer" "Term" and "Termination Date" have the respective meanings given in the 1991 ISDA Definitions as amended from time to time;
- ii] "Variable Rate Borrowing" means any borrowing by the Society under rule 74 in respect of which the rate of interest has not been fixed for a term in excess of twelve months and the term "fixed" shall exclude any borrowing where the rate of interest is indexed in accordance with a retail prices index or other published index;
- iii] "Rate Cap Transaction" means a cap transaction within the meaning of "swap transaction" as defined in the 1991 ISDA Definitions as amended from time to time.
- iv] "swap transaction" means any transaction which is a rate swap transaction, a forward rate transaction, interest rate option purchased or collar transaction as referred to in the definition of "swap transaction" appearing in the 2000 ISDA Definitions as amended from time to time save that:-
- a] it shall exclude:-
- any transaction where any calculation amount is expressed in a currency other than pounds sterling; and
 - any transaction dealing in commodities; and,
- b] rate swap transaction shall be deemed to include:-
- a retail prices (or other published index) interest rate transaction; and forward rate transactions shall include an option to buy a forward rate transaction (but not sell).
- l] Any reference to Chief Registrar, Registrar or the Registrar of Friendly Societies includes reference to the statutory successor carrying on the relevant functions of any of them.

Founder Members:

Signature

Name

1.

2.

3.

4.

[secretary]

CO-OPERATIVE PRINCIPLES

Co-operative Principles as defined by resolution of the Centennial Congress of the International Co-operative Alliance on 23 September 1995.

Definition

A Co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, Co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The Co-operative principles are guidelines by which Co-operatives put their values into practice.

- [1] **Voluntary and Open Membership:** Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
- [2] **Democratic Member Control:** Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Women and men serving as elected representatives are accountable to the membership. In primary Co-operatives members have equal voting rights [one member, one vote] and Co-operatives at other levels are also organised in a democratic manner.
- [3] **Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their Co-operative. At least part of that capital is usually the common property of the Co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their Co-operative, possibility by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the Co-operative; and supporting other activities approved by the membership.
- [4] **Autonomy and Independence:** Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensures democratic control by their members and maintain their Co-operative autonomy.
- [5] **Education, Training and Information:** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their Co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

- [6] **Co-operation among Co-operatives:** Co-operatives serve their members most effectively and strengthen the Co-operative movement by working together through local, national, regional, and international structures.
- [7] **Concern for Community:** Co-operatives work for the sustainable development of their communities through policies approved by their members.

APPENDIX 2

RATE CAP AND SWAP TRANSACTIONS

1. The Society shall have the power to enter into and perform a rate cap transaction, or series of rate cap transactions, where the Board (or a duly authorised sub Board established under the rules) considers entry by the Society into such transaction(s) to be in the best interest of the Society provided that:
 - at the time of entry into any such transaction(s) the sum of the calculation amount of any rate cap transaction previously entered into and remaining in effect and the calculation amount of the proposed rate cap transaction(s) shall not exceed the lower of (1) £10 million or (2) the aggregate amount of the Society's variable rate borrowing then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which the Society intends at the effective date when drawn will become variable rate borrowings and,
 - the counterparty to each rate cap transaction is the floating rate payer.
2. Prior to exercising its power under clause 1 of this appendix the Society shall obtain and consider proper advice on the question of whether the rate cap transaction is satisfactory having regard to:-
 - the possible fluctuations in the rate of interest payable by the Society under its variable rate borrowings during the term of the rate cap transaction(s);
 - the Society's ability to meet its payment obligations under the variable rate borrowings during the term of the rate cap transaction(s) if that transaction was not entered into;
 - the payment obligations under the rate cap transaction(s); and
 - the Society's actual and projected annual income and expenditure position.
3. The Society shall have the power to enter into and perform a swap transaction, or series of swap transactions, where the Board (or a duly authorised sub Board established under these rules) considers entry by the Society into such transaction(s) to be in the best interests of the Society provided that at the time of entry into any such transaction(s) the sum of the calculation amount of any swap transaction previously entered into and remaining in effect and the calculation amount of the proposed swap transaction(s) shall not exceed the lower of:-
 - £10 million; or
 - the aggregate amount of the Society's variable rate borrowings then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which the Society intends at the effective date when drawn will become variable rate borrowings
 - having regard at the effective date to the Society's obligations to repay variable rate borrowings and the amount of variable rate borrowings which will be outstanding at any time on or prior to the proposed termination date.
4. Prior to exercising its power under clause 3 above the Society shall obtain and consider proper advice on the question of whether the swap transaction is satisfactory having regard to:-
 - the Society's anticipated payment obligations under its existing borrowings,
 - the payment obligations under the proposed swap transaction;
 - the terms and conditions of the swap transaction; and
 - the Society's actual and projected annual income and expenditure position.

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5. For the purposes of clauses 2 and 4 of this appendix proper advice is the advice of a person who is reasonably believed by the Board to be qualified by their ability in and practical experience of financial matters and rate cap transactions and the appropriate derivative transaction and is properly authorised to give such advice under the provisions of the Financial Services Act 1986; such advice may be given by a person notwithstanding that they give it in the course of their employment as an officer.
 6. A person entering into a rate-cap transaction as floating rate payer with the Society or a person entering into a swap transaction with the Society who has received a written certificate signed by the secretary confirming the Society's compliance with rule 74 and the provisions of this appendix shall not be concerned to enquire further whether or not the Society has complied with the provisions of these rules and such transaction shall be valid at the date that it is entered into and throughout its term in favour of such person (or any assignee or successor in title) whether or not the provisions of these rules have been complied with.
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