



**RULES of: PENWITH HOUSING ASSOCIATION
LIMITED**

.....

*Registered under the Industrial &
Provident Societies Act 1965*

Register No. 27834R.....

All previous rules rescinded.

MODEL RULES 2005

National Housing Federation

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CONTENTS

Part A	Name and objects
A1	Name
A2	Objects
A3-A4	Non-profit
Part B	Powers of association, board, and shareholders
B1-B3	Powers
B4-B6	Powers of the board
B7	Limited powers of shareholders in general meeting
B8-B9	General
Part C	Shareholders and general meetings
C1	Obligations of shareholders
C2-C4	Nature of shares
C5-C10	Nature of shareholders
C11-C13	Admission of shareholders
C14-C15	Ending of shareholding
C16-C17	Annual general meeting
C18-C19	Special general meeting
C20-C21	Calling a general meeting
C22-C26	Proceedings at general meeting
C27	Proxies
C28-C33	Voting
Part D	The board
D1	Functions
D2-D10	Composition of board
D11-D15	Election to the board
D16	Candidates for the board
D17	Quorum for the board
D18-D26	Board members' interests
D27-D28	Meetings of the board
D29-D33	Management and delegation
D34-D37	Miscellaneous provisions

Part E Chair, chief executive, secretary and other officers

E1-E3	The chair
E4-E5	The chair's responsibilities
E6	The chief executive
E7	The secretary
E8	Other officers
E9-E10	Miscellaneous

Part F Financial control and audit

F1-F6	Auditor
F7- F8	Auditor's duties
F9-F11	Accounting requirements
F12	Annual returns and balance sheets
F13-F15	Borrowing
F16	Derivative Transactions

Part G Miscellaneous and statutory

G1-G2	Registered office and name
G3	Disputes
G4-G9	Minutes, seal, registers and books
G10-G11	Statutory applications to the Financial Services Authority
G12	Amendment of rules
G13-G14	Dissolution
G15	Interpretation of terms

Part O Optional provisions

O1	Non-charitable
O2	Transfer Association
O3	Tenant board members
O4	Co-option of employees to the board
O5	Retirement age
O6	Use of financial instruments (rate cap and swap transactions)
O7	Subscriptions
O8	Subsidiary
O9	Chair's casting vote
O10	Fixed terms of office for board members
O11	Shareholding ends when board member departs

PART A**NAME AND OBJECTS****Name**

- A1 The name of the society shall be **PENWITH HOUSING ASSOCIATION LIMITED** ("the association").

Objects

- A2 The association is formed for the benefit of the community. Its objects shall be to carry on for the benefit of the community:
- A2.1 the business of providing housing, accommodation, and assistance to help house people and associated facilities and amenities for poor people or for the relief of aged, disabled, handicapped (whether physically or mentally) or chronically sick people.
 - A2.2 any other charitable object that can be carried out by an Industrial and Provident Society registered as a social landlord with the Corporation.

Non-profit

- A3 The association shall not trade for profit.
- A4 Nothing shall be paid or transferred by way of profit to shareholders of the association.

PART B POWERS OF ASSOCIATION, BOARD, AND SHAREHOLDERS**Powers**

- B1 The association shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except as expressly prohibited in these rules.
- B2 Without limiting its general powers the association shall have power to:
- B2.1 take or grant any interest in land, or carry out works to buildings;
 - B2.2 help any charity or other body not trading for profit in relation to housing;
 - B2.3 subject to rules F13, F14 and F15, borrow money or issue bonds, notes, loan stock or any other debt instrument or enter into any transaction having the commercial effect of a borrowing;
 - B2.4 subject to rule F16 to enter into and perform any derivative transaction on such terms as the Association thinks fit for the purpose of hedging or otherwise managing any treasury risk or other exposure of the Association;
 - B2.5 to guarantee, enter into any contract of indemnity or suretyship in relation to, or provide security for, the borrowings or performance of the obligations of any subsidiary, parent or associate of the association in each case on such terms as the association company shall think fit; and
 - B2.6 subject to rule F17 invest the funds of the association.

- B3 The association shall not have power to receive money on deposit in any way which would require authorisation under the Banking Act 1987 or any other authority required by statute unless it has such authorisation

Powers of the board

- B4 The business of the association shall be directed by the board.
- B5 Apart from those powers which must be exercised in general meeting:
B5.1 by statute; or
B5.2 under these rules
all the powers of the association may be exercised by the board for and in the name of the association.
- B6 The board shall have power to delegate, in writing, the exercise of any of its powers to committees and to employees of the association on such terms as it determines. Such delegation may include any of the powers and discretions of the board.

Limited powers of shareholders in general meeting

- B7 The association in general meeting can only exercise the powers of the association expressly reserved to it by these rules or by statute.

General

- B8 The certificate of an officer of the association that a power has been properly exercised shall be conclusive as between the association and any third party acting in good faith.
- B9 A person acting in good faith who does not have actual notice of any regulations shall not be obliged to see or enquire if the board's powers are restricted by such regulations.

PART C**SHAREHOLDERS AND GENERAL MEETINGS**

Obligations of shareholders

- C1 All shareholders agree to be bound by the obligations on them as set out in these rules. When acting as shareholders they shall act at all times in the interests of the association and, for the benefit of the community, as guardians of the objects of the association.

Nature of shares

- C2 The association's share capital shall be raised by the issue of shares. Each share has the nominal value of one pound which shall carry no right to interest, dividend or bonus.
- C3 Only shares held by the nominee of an unincorporated body (alone or jointly with other nominees) can be transferred and only to a new nominee (alone or jointly with other nominees).

- C4 When a shareholder ceases to be a shareholder or is expelled from the association, his or her share shall be cancelled. The amount paid up shall become the property of the association.

Nature of shareholders

- C5 A shareholder of the association is a person or body whose name and address is entered in the register of shareholders.
- C6 The following cannot be shareholders:
- C6.1 a minor;
 - C6.2 a person who has been expelled as a shareholder, unless authorised by special resolution at a general meeting;
 - C6.3 an employee of the association (other than an employee who is also a tenant) or an employee of any other body whose accounts must be consolidated with those of the association.
- C7 A shareholder can be the nominee of an unincorporated body. In such cases the register shall contain the name and address of the shareholder, and shall designate the shareholder as the nominee of a named unincorporated body. The address of the unincorporated body shall also be entered in the register if it differs from the address of the shareholder nominee.
- C8 A corporate body can be a shareholder. It can appoint an individual to exercise its rights at general meetings. Any such appointment shall be in writing, and given to the secretary. The Parent shall be a shareholder.
- C9 No shareholder shall hold more than one share and each share shall carry only one vote.
- C10 A share cannot be held jointly unless by nominees of an unincorporated body.

Admission of shareholders

- C11 The board shall set review and publish its policies and objectives for admitting new shareholders. The board shall only admit new shareholders in accordance with such policies.
- C12 An applicant for a share shall apply in writing to the association's registered office:
- C12.1 setting out their reasons for applying and their qualifications in accordance with the association's policies; and
 - C12.2 pay the sum of one pound (which shall be returned to them if the application is not approved).
- C13 Every application shall be considered by the board in accordance with rule C11. The board has the power in its absolute discretion to accept or reject the application. If the application is approved both by the board and in writing by the Parent the name of the applicant and the other necessary particulars shall be entered in the register of shareholders. One share in the association shall be issued to the applicant.

Ending of shareholding

- C14 A shareholder shall cease to be a shareholder if:

- C14.1 they die; or
- C14.2 they are expelled under rule C15; or
- C14.3 they withdraw from the association by giving one month's notice to the secretary; or
- C14.4 they do not participate in, nor deliver written apologies in advance to, a general meeting of the association in the period starting with one annual general meeting up to and including the next annual general meeting; or
- C14.5 in the case of a body corporate it ceases to be a body corporate; or
- C14.6 in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body; or
- C14.7 in the case of a shareholder who is a tenant they cease to be a tenant.
- C15 A shareholder (except for the Parent who may not be expelled) may only be expelled by a special resolution at a special general meeting called by the board.
- C15.1 The board must give the shareholder at least one month's notice in writing of the general meeting. The notice to the shareholders must set out the particulars of the complaint of conduct detrimental to the association, and must request the shareholder to attend the meeting to answer the complaint.
- C15.2 At the general meeting called for this purpose the shareholders shall consider the evidence presented by the board and by the shareholder (if any). The meeting may take place even if the shareholder does not attend.
- C15.3 If the resolution to expel the shareholder is passed in accordance with this rule, the shareholder shall immediately cease to be a shareholder.

Annual general meeting

- C16 The association shall hold a general meeting called the annual general meeting within six calendar months after the close of each of its financial years.
- C17 The functions of the annual general meeting shall be:
- C17.1 to receive:
- the revenue accounts and balance sheets for the last accounting period
 - the auditor's report (if one is required by law) on those accounts and balance sheets
- C17.2 to appoint the auditor (if one is required by law);
- C17.3 to elect board members if applicable;
- C17.4 to transact any other general business of the association set out in the notice convening the meeting including any business that requires a special resolution.

Special general meetings

- C18 All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- C18.1 upon an order of the board; or
- C18.2 upon a written requisition signed by one-tenth of the shareholders (to a maximum of twenty-five but not less than three) stating the business for which the meeting is to be convened;

- C18.3 upon a written requisition signed by an authorised signatory of the Parent;
- C18.4 if within twenty-eight days after delivery of a requisition to the secretary a meeting is not convened, the members who have signed the requisition may convene a meeting.
- C19 A special general meeting shall not transact any business that is not set out in the notice convening the meeting.

Calling a general meeting

- C20 All general meetings shall be convened by at least forty two clear days' written notice posted or delivered or sent by fax or email to every member at the address fax number or email address given in the share register. The notice shall state whether the meeting is an annual or special general meeting, the time, date and place of the meeting, and the business for which it is convened.
- C21 Any accidental failure to get any notice to any shareholder, shall not invalidate the proceedings at that general meeting. A notice or communication sent by post to a shareholder at their address shown in the register of shareholders shall be deemed to have arrived two days after being posted.

Proceedings at general meetings

- C22 Before any general meeting can start its business there must be a quorum present. As part of the quorum at least two shareholders must be present in person and the Parent. A quorum is one-tenth of all shareholders with a minimum number of six and a maximum of 25.
- C23 A meeting held as a result of a shareholder's requisition will be dissolved if too few shareholders are present half an hour after the meeting should begin.
- C24 All other general meetings with too few shareholders will be adjourned to the same day, at the same time and place in the following week. If too few shareholders are present within half an hour of the time the adjourned meeting should have started, those shareholders present shall carry out the business of the meeting.
- C25 The chair of any general meeting can:
- C25.1 take the business of the meeting in any order that the chair may decide; and
- C25.2 adjourn the meeting if the majority of the shareholders present in person or by proxy agree. An adjourned meeting can only deal with matters adjourned from the original meeting. An adjourned meeting is a continuation of the original meeting. The date of all resolutions passed is the date they were passed (as opposed to the date of the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.
- C26 At all general meetings of the association the chair of the board shall preside. If there is no such chair or if the chair is not present or is unwilling to act, the vice-chair (if any) shall chair the meeting, failing which the shareholders present shall elect a shareholder to chair the meeting. The person elected shall be a member of the board if one is present and willing to act.

Proxies

- C27 A proxy can be appointed by delivering a written appointment to the registered office at least two days before the date of the meeting at which the proxy is authorised to vote. It must be signed by the shareholder or a duly authorised attorney. Any proxy form delivered late shall be invalid. Any question as to the validity of a proxy shall be determined by the chair of the meeting whose decision shall be final. A proxy need not be a shareholder of the association.

Voting

- C28 Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed, be decided upon a show of hands.
- C29 On a show of hands every shareholder present in person and on a ballot every shareholder present in person or by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.
- C30 Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution on a show of hands has been carried or lost, unanimously or by a particular majority, is conclusive. An entry made to that effect in the book containing the minutes of the proceedings of the association, shall be conclusive evidence of that fact.
- C31 Any question as to the acceptability of any vote whether tendered personally or by proxy, shall be determined by the chair of the meeting, whose decision shall be final.
- C32 A ballot on a resolution may be demanded by any three shareholders at a meeting (in person or by proxy) or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote on the show of hands, and in that case the resolution shall be decided by the ballot.
- C33 A ballot shall be taken at the meeting at such time and in such manner as the chair shall direct. The result of such a ballot shall be deemed to be the resolution of the association in general meeting.

PART D**THE BOARD**

Functions

- D1 The association shall have a board (in these rules referred to as "the board") which shall direct the affairs of the association in accordance with its objects and rules and ensure that its functions are properly performed. Amongst its functions shall be to:
- D1.1 define and ensure compliance with the values and objectives of the association and ensure these are set out in each annual report;
 - D1.2 establish policies and plans to achieve those objectives;
 - D1.3 approve each year's accounts prior to publication and approve each year's budget;
 - D1.4 establish and oversee a framework of delegation and systems of control;
 - D1.5 agree policies and make decisions on all matters that create significant financial risk to the association or which affect material issues of principle;
 - D1.6 monitor the association's performance in relation to these plans, budget, controls and decisions;

- D1.7 appoint (and if necessary remove) the chief executive (if any);
- D1.8 satisfy itself that the association's affairs are conducted in accordance with generally accepted standards of performance and propriety;
- D1.9 take appropriate advice; and
- D1.10 at all times that the association is registered with the Corporation as a registered social landlord the board shall ensure that the association takes account of any obligation imposed upon the association by the Corporation in exercise of its powers.

Composition of the board

- D2.1 The board shall consist of twelve board members, or of such greater number not exceeding fifteen (including co-optees) as may be determined by the first board members before the first annual general meeting and thereafter by the association in general meeting. A majority of board members shall always be capable of appointment by the Parent.
- D2.2 Four members of the board shall be tenant members elected under Rule D13.2 (the tenant board members).
- D2.3 The local authority shall have the right to nominate no more than two local authority board members (the local authority board members) for a term to expire at the first annual general meeting after appointment. The local authority may withdraw a local authority board member at any time. The local authority shall immediately fill any vacancy in its local authority board members.
- D2.4 Six members of the board shall be elected by the independent shareholders (the independent board members).
- D2.5 No member of the board other than those nominated by the local authority shall be a local authority person.
- D3 Except for co-optees and appointees of the Parent, tenant board members and local authority board members only shareholders can be board members.
- D5 The board may appoint co-optees to serve on the board on such terms as the board resolves and may remove such co-optees. A co-optee may act in all respects as a board member, but they cannot take part in the deliberations nor vote on the election of officers of the association nor any matter directly affecting shareholders.
- D6 For the purposes of these rules and of the Act a co-optee is not included in the expression "board member" or "member of the board". For the purposes of the Housing Act 1996 a co-optee is an officer.
- D7 Not more than three co-optees can be appointed to the board or to any committee at any one time.
- D8 No one can become or remain a board member at any time if:
 - D8.1 they are disqualified from acting as a director of a company for any reason; or
 - D8.2 they have been convicted of an indictable offence within the last five years; or
 - D8.3 they are not a shareholder (unless they are a tenant or local authority board member or unless they are a co-optee or employee of the association or any other body whose accounts must be consolidated with those of the association or have been appointed by the Parent);
 - D8.4 they have absented themselves from four consecutive meetings of the board without special leave of absence from the board; or

- D8.5 they have been a board member for a continuous period in excess of nine years (but disregarding any period of office held up to 29th September 2005);
and any board member who at any time ceases to qualify under this rule shall immediately cease to be a board member.
- D9 Except in the case of a board member appointed by the Parent a board member may be removed from the board
- D9.1 by a special resolution at a general meeting; or
- D9.2 by a resolution passed by three quarters of the board present provided the following conditions are satisfied:
- at least fourteen days notice of the proposed resolution has been given to all board members; and
 - the notice sets out in writing the alleged breach(es) of the member's obligations in accordance with rule D4.1; and
 - the board is satisfied that the allegation(s) is or are true.
- D10 Whenever the number of board members and co-optees is less than permitted by these rules, the board may appoint a further board member in addition to the board's power to co-opt. Any board member so appointed shall retire at the next annual general meeting.

Election to the board

- D11 In every notice for an annual general meeting the board shall set out its requirements for the skills, qualities and experience which it needs from its members. The notice shall state the extent to which those requirements are met by those board members continuing in office, and those retiring and intending to re-offer themselves for election.
- D12 D12.1 At every annual general meeting not less than one third of the tenant board members and one third of the independent board members shall retire from office.
- D12.2 Board members forming the retiring third shall be those who have been longest in office since they were last elected or re-elected to the board. If the choice is between people who became board members on the same day those to retire shall be chosen by lot if not agreed.
- D12.3 Anybody appointed to fill a casual vacancy under rule D10 during the year and who retires for that reason and any appointees of the Parent shall not count towards the one third to retire.
- D13.1 If at an annual general meeting, the candidates for election as independent board members do not exceed the number of vacancies on the board the chair shall declare those candidates to have been duly elected. If the number of candidates exceed the number of vacancies the meeting shall elect the board members by ballot in such a manner as the chair directs.
- D13.2 The tenant board members shall be elected at or before the annual general meeting and method of election shall be decided by the board from time to time.
- D13.3 At each annual general meeting the appointment of persons nominated by the local authority for appointment as local authority board members pursuant to rule D2.3 (if any) shall be approved by the members. If any person nominated is not so approved the board shall invite the local authority to nominate a further person in his/her place.

- D14.1 In an election at a general meeting every shareholder present in person or by proxy shall have one vote for every vacancy but shall not give more than one vote to any one candidate.
- D14.2 In casting their votes in an election, shareholders shall endeavour to ensure that the board possesses the quality, skills and experience which the association has from time to time determined that it requires.
- D15.1 By notice in writing to the Secretary, the Parent may remove all board members (other than the local authority board members) and may appoint eight members of the board. At least one board member shall be an independent board member.
- D15.2 In appointing board members, the Parent shall endeavour to ensure that the board possesses the quality, skills and experience which the Association has from time to time determined that it requires.

Candidates for the board

- D16 D16.1 Other than any board member appointed by the Parent, each candidate for election to the board shall be subject to the prior approval of the board. Any candidate for election to the board shall submit a written statement to the association in such form as the board from time to time determines. It shall set out the candidate's full name, address, and occupation whether they are a tenant or a local authority person, and the reasons for their suitability to be a board member.
- D16.2 In addition a candidate who is not retiring as a board member must be nominated in writing by another shareholder.
- D16.3 The statement and nomination shall be delivered to the registered office at least fifty two days before the meeting at which the vacancies on the board are to be filled.

Quorum for the board

- D17 D17.1 Six board members, or half of the board (whichever is lower), shall form a quorum (of whom at least two shall be independent board members). If a majority of board members are appointed by the Parent then two such appointees must be included to form a quorum. The board may determine a higher number.
- D17.2 The board is not quorate unless:
- (1) less than half the quorum are employees of the association or any body whose accounts must be consolidated with the association; and
 - (2) one-third of the quorum are not tenants and
 - (3) one-third are not local authority board members.
- D17.3 If the number and make up of board members falls below the number and make up necessary for a quorum, the remaining board members may continue to act as the board for a maximum period of six months and the provisions of D17.2 shall be suspended for that time. At the end of that time the only power that the board may exercise shall be to call a general meeting of the association to bring the number and make up of board members up to that required by these rules.

Board members' interests

- D18 No board member, co-optee or member of a committee shall have any financial interest:
- D18.1 personally; or
 - D18.2 as a member of a firm; or
 - D18.3 as a director or other officer of a business trading for profit; or
 - D18.4 in any other way whatsoever
- in any contract or other transaction with the association, unless it is expressly permitted by these rules.
- D19.1 The association shall not pay or grant any benefit to anyone who is a board member or a co-optee or a member of a committee, unless it is expressly permitted by these rules.
- D19.2 Notwithstanding rule D19.1 the association may, subject to compliance with the association's published policies and with guidance (if any) from time to time published by the Corporation effect such policies of insurance as the board may deem appropriate providing indemnity insurance cover for personal liability of board members and officers of the association.
- D20 Any board member, co-optee or member of a committee, having an interest in any arrangement between the association and someone else shall disclose their interest, before the matter is discussed by the board or any committee. Unless it is expressly permitted by these rules they shall not remain present unless requested to do so by the board or committee, and they shall not have any vote on the matter in question. Any decision of the board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.
- D21 Every board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of all other bodies in which they have an interest as:
- D21.1 a director or officer; or
 - D21.2 as a member of a firm; or
 - D21.3 as an official or elected member of any statutory body; or
 - D21.4 as the owner or controller of more than 2% of a company the shares in which are publicly quoted or more than 10% of any other company; or
 - D21.5 as the occupier of any property owned or managed by the association; or
 - D21.6 any other significant or material interest.
- D22 If requested by a majority of the board or members of a committee at a meeting convened specially for the purpose, a board member, co-optee or member of a committee failing to disclose an interest as required by these rules shall vacate their office either permanently or for a period of time.
- D23 The association may pay properly authorised expenses, when actually incurred on the association's business, and any remuneration as shall be approved by the board from time to time to board members, co-optees and members of committees Any remuneration shall comply with the published scheme of payments authorised by the board, conform with all requirements and guidance from time to time published by that Corporation and shall not exceed such sum as would breach Schedule 1 of the Housing Act 1996 at the time it is paid if the association is registered with the Corporation as a registered social landlord.

- D24 A board member, co-optee or member of a committee shall not have an interest for the purpose of rules D18 to D20 as a board member, director, or officer of any other body whose accounts are or ought to be consolidated with the association's accounts.
- D25 Board members, co-optees or members of committees who are tenants of the association shall not have an interest for the purpose of rule D2 in any decision affecting all or a substantial group of tenants.
- D26 The grant of a tenancy by the association at the direction of another body to a board member, co-optee or member of a committee or as permitted by the Housing Act 1996 is not the grant of a benefit for the purpose of rule D19.

Meetings of the board

- D27 The board shall meet at least three times every calendar year. At least seven days written notice of the date and place of every board meeting shall be given by the secretary to all board members and co-optees.
- D28 Meetings of the board may be called by the secretary, or by the chair, or by two board members who give written notice to the secretary specifying the business to be carried out. The secretary shall send a written notice to all board members and co-optees to the board as soon as possible after receipt of such a request. The secretary shall call a meeting on at least seven but not more than fourteen days' notice to discuss the specified business. If the secretary fails to call such a meeting then the chair or two board members, whichever is the case, shall call such a meeting.

Management and delegation

- D29 The board may delegate any of its powers under written terms of reference to its committees or to officers or employees. Those powers shall be exercised in accordance with any written instructions given by the board.
- D30 The membership of any committee shall be determined by the board. Every committee shall include one board member or co-optee to the board. The board will appoint the chair of any committee and shall specify the quorum.
- D31 All acts and proceedings of any committee shall be reported to the board.
- D32 No committee can incur expenditure on behalf of the association unless at least one board member or co-optee of the board on the committee has voted in favour of the resolution for the relevant expenditure.
- D33 For the purposes of the Housing Act 1996 any member of a committee shall be an officer.

Miscellaneous provisions

- D34 All decisions taken at a board or any committee meeting in good faith shall be valid even if it is discovered subsequently that there was a defect in the calling of the meeting, or the appointment of the members at a meeting.
- D35 A resolution in writing sent to all board members or all members of a committee and signed by three quarters of the board members or three quarters of the members of a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the board or committee.
- D36 Meetings of the board can take place in any manner which permits those attending to hear and comment on the proceedings.
- D37 A board member acting in good faith shall not be liable to the association for any loss.
- D38 Notice may be given to board members by post or fax or email at the last address for such communication given to the secretary. The accidental failure to give notice to a board member or the failure of the board member to receive such notice shall not invalidate the proceedings of the board.

PART E**CHAIR, CHIEF EXECUTIVE, SECRETARY
AND OTHER OFFICERS**

The chair

- E1 The association shall have a chair, who shall also chair board meetings, and shall be elected by the board. No local authority person shall be eligible to serve as the chair of the association. The association shall have a vice-chair, who shall chair board meetings in the absence of the chair, and who shall be elected by the board.
- E2 The chair on election shall hold office until the commencement of the first board meeting after the next annual general meeting of the association (or until the chair resigns as chair). The first item of business for any board meeting when there is no chair or vice-chair or if neither the chair nor vice-chair is present shall be to elect the chair. The chair shall at all times be a shareholder (unless a board member appointed by the Parent).
- E3 The chair and the vice-chair of the association may be removed at a board meeting called for the purpose provided the resolution is passed by at least two thirds of the members of the board at the meeting.

The chair's responsibilities

- E4 The chair (or, in his absence, the vice-chair) shall seek to ensure that:
- E4.1 the board's business and the association's general meetings are conducted efficiently;
 - E4.2 all board members are given the opportunity to express their views;
 - E4.3 a constructive working relationship is established with, and support provided for the chief executive (if any);

- E4.4 the board delegates sufficient authority to its committees, the chair, the chief executive (if any), and others to enable the business of the association to be carried on effectively between board meetings;
 - E4.5 the board receives professional advice when it is needed;
 - E4.6 the association is represented as required; and
 - E4.7 the association's affairs are conducted in accordance with generally accepted codes of performance and propriety.
- E5 The chair shall seek to ensure that there is a written statement of the chair's responsibilities which shall be agreed with the board, and reviewed from time to time.

The chief executive

- E6 The association may have a chief executive appointed by the board. The chief executive shall be appointed on a written contract of employment, which shall include a clear statement of the duties of the chief executive

The secretary

- E7 The association shall have a secretary who shall be appointed by the board and who may be an employee. The secretary shall in particular:
- E7.1 summon and attend all meetings of the association and the board and keep the minutes of those meetings; and
 - E7.2 keep the registers and other books determined by the board; and
 - E7.3 make any returns on behalf of the association to the Financial Services Authority and the Corporation; and
 - E7.4 have charge of the seal of the association; and
 - E7.5 be responsible for ensuring the compliance of the association with these rules.

Other officers

- E8 The board may designate as officers such other executives, internal auditor and staff of the association on such terms (including pay) as it from time to time decides.

Miscellaneous

- E9 Every officer or employee shall be indemnified by the association for any amount reasonably incurred in the discharge of their duty.
- E10 Except for the consequences of their own dishonesty or gross negligence no officer or employee shall be liable for any losses suffered by the association.

PART F**FINANCIAL CONTROL AND AUDIT**

Auditor

- F1 The association if required by law to do so shall appoint an auditor to act in each financial year. They must be qualified as provided by Section 7 of the Friendly and Industrial & Provident Societies Act 1968 as amended by the Companies Act 1989.
- F2 The following cannot act as auditor:
- F2.1 an officer or employee of the association;
 - F2.2 a person employed by or employer of, or the partner of, an officer or employee of the association.
- F3 An auditor must be appointed by resolution at a general meeting.
- F4 The association's first auditor shall be appointed at a general meeting within three months of its registration or when first required by law to do so, whichever is the later. The board may make the appointment if no meeting is held within three months of the due date. The board may appoint an auditor to fill a casual vacancy.
- F5 Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current year's as well unless:
- F5.1 a general meeting has appointed someone else to act or has resolved that the auditor cannot act; or
 - F5.2 the auditor does not want to act and has told the association so in writing; or
 - F5.3 the person is not qualified or falls within rule F2 (above); or
 - F5.4 the auditor has become incapable of acting; or
 - F5.5 notice to appoint another auditor has been given.
- F6
- F6.1 Not less than twenty eight days' notice shall be given for a resolution to appoint another person as auditor, or to forbid a retiring auditor being re-appointed.
 - F6.2 The association shall send a copy of the resolution to the retiring auditor and also give notice to its shareholders at the same time and in the same manner, if possible.
 - F6.3 If not, the association shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to the association which must be notified to its Shareholders under Section 6 of the Friendly and Industrial and Provident Societies Act 1968.

Auditor's duties

- F7 The findings of the auditor shall be reported to the association, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968.
- F8 The board shall produce the revenue account and balance sheet audited by the auditor, if required, and the auditor's report, if required, at each annual general meeting. The board shall also produce its report on the affairs of the association which shall be signed by the person chairing the meeting which adopts the report.

Accounting requirements

- F9 The end of the accounting year must be a date allowed by the Financial Services Authority.
- F10 The association shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968.
- F11 The association shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

Annual returns and balance sheets

- F12 Every year, within the time specified by legislation, the secretary shall send the association's annual return to the Financial Services Authority. The return shall be up-to-date to the time specified in the Act, or such other date allowed by the Financial Services Authority. The annual return shall be accompanied by the auditor's reports, if required, for the period of the return and the accounts and balance sheets to which it refers.

Borrowing

- F13 The total borrowings of the association at any time shall not exceed £500 million (five hundred million pounds) or such a larger sum as the association determines from time to time in general meeting. For the purposes of this rule F13, any amount of the association's borrowings in any currency other than pounds sterling (as may be permitted by the Corporation from time to time) shall be converted to sterling at the exchange rate or rates applicable under the related derivative transaction or transactions by which the association has hedged its exposure to currency exchange rate movements in relation to the principal amount of such borrowing.
- F14 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 a committee.
- F15 F15.1 In respect of any proposed borrowing, for the purposes of rule F13, the amount remaining un-discharged of any deferred interest or index-linked monies previously borrowed by the association or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and
- F15.2 For the purposes of rule F13 in respect of any proposed borrowing intended to be on index-linked or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such proposed borrowing receivable by the association at the time of the proposed borrowing.

Derivative Transactions

- F16 F16.1 In exercising its power under rule B2.4 the association shall comply with the Corporation's regulatory requirements, or any other regulatory requirements applicable to the association at the relevant time, relating to the use of derivative transactions by registered social landlords. A person entering into a derivative transaction with the association who has received a written

certificate signed by the secretary confirming that the association is entering into such transaction for the purpose specified in rule B2.4 and confirming the association's compliance with such regulatory requirements shall not be concerned to enquire further as to the purpose for which the association is entering into the transaction, nor as to whether the association has complied with such requirements, 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 it was entered into for the purpose specified in rule B2.4 and whether or not such regulatory requirements have been complied with.

- F16.2 For the purposes of rule B2.4 and this rule F16 "derivative transaction" means any transaction which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are made, or any combination of these transactions.

Investment

- F17 The funds of the association may be invested by the board in such manner as it determines.

PART G

**MISCELLANEOUS AND STATUTORY,
REGISTERED OFFICE AND NAME**

G1 The association's registered office is:

67 Morrab Road, Penzance, Cornwall TR18 2QJ

G2 The association's registered name must:
 G2.1 be placed prominently outside every office or place of business; and
 G2.2 be engraved on its seal; and
 G2.3 be stated on its business letters, notices, adverts, official publications, cheques and invoices.

Disputes

G3 G3.1 Any dispute on a matter covered by the rules shall be dealt with in the County Court if the dispute is between:

- the association and an officer; or
- the association and a shareholder; or
- the association and a person claiming to be a shareholder; or
- the association and a person who was a shareholder in the last six months.

G3.2 Alternatively, if the association has been a member of the National Housing Federation for at least two years, such dispute can be resolved by an arbitrator appointed by the National Housing Federation if both parties to the dispute agree. If they do not agree the dispute shall be dealt with in the County Court.

G3.3 The arbitrator's decision is binding. No appeal is allowable. No court of law can alter it, but it can be enforced by a County Court.

G3.4 The arbitrator's decision on the costs of the arbitration is binding.

Minutes, seal, registers and books

G4 The minutes of all general meetings and all board and committee meetings shall be recorded, agreed by the relevant subsequent meeting and signed by whoever chairs the meeting and kept safe.

G5 The secretary shall keep the seal. It shall not be used except under the board's authority. It must be affixed by one board member signing and the secretary countersigning or in such other way as the board resolves. The board may in the alternative authorise the execution of deeds in any other way permitted.

G6 The association must keep at its registered office:

G6.1 the register of shareholders showing:

- the names and addresses of all the shareholders; and
- a statement of all the shares held by each board member and the amount paid for them; and

- a statement of other property in the association held by the shareholder; and
 - the date that each shareholder was entered in the register of shareholders.
- G6.2 a duplicate register of shareholders showing the names and addresses of shareholders and the date they became shareholders.
- G6.3 a register of the names and addresses of the officers, their offices and the dates on which they assumed those offices as well as a duplicate.
- G6.4 a register of holders of any loan.
- G6.5 a register of mortgages and charges on land.
- G6.6 a copy of the rules of the association.
- G7 The association must display a copy of its latest balance sheet and auditors report (if one is required by law) at its registered office
- G8 The association shall give to all shareholders on request copies of its last annual return with the auditor's report (if one is required by law) on the accounts contained in the return, free of charge.
- G9 The secretary shall give a copy of the rules of the association to any person on demand who pays such reasonable sum as permitted by law.

Statutory applications to the FSA

- G10 Ten shareholders can apply to the Financial Services Authority to appoint an accountant to inspect the books of the association, provided all ten have been shareholders of the association for a twelve month period immediately before their application.
- G11 The shareholders may apply to the Financial Services Authority in order to get the affairs of the association inspected or to call a special general meeting. One hundred shareholders, or one-tenth of the shareholders, whichever is the lesser, must make the application.

Amendment of rules

- G12 G12.1 The rules of the association may be rescinded or amended, but not so as to stop the association being a charity and not without the prior consent of the Parent.
- G12.2 The rules may only be amended by a resolution put before the general meeting by the board and approved by at least two thirds of the board.
- G12.3 Rules A2; A3; A4; B1; B2; B3; C2; C3; D17; D27; G12 and G14 can only be amended or rescinded by three fourths of the votes cast at a general meeting. Any other rule can be rescinded or amended by two thirds of the votes cast at a general meeting.
- G12.4 Amended rules shall be registered with the Financial Services Authority as soon as possible after the amendment has been made. An amended rule is not valid until it is registered.

Dissolution

- G13 The association may be dissolved by a three fourths majority of shareholders who sign an instrument of dissolution in the form prescribed by Treasury Regulations; or by winding-up under the Act.
- G14
- G14.1 Any property that remains, after the association is wound-up or dissolved and all debts and liabilities dealt with, the shareholders may resolve to give or transfer to another charitable body with objects similar to that of the association.
- G14.2 If no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust.
- G14.3 If the association is registered as a social landlord with the Corporation any transfer or gift is governed by paragraph 15 of Schedule 1 of the Housing Act 1996.

Interpretation of terms

- G15 In these rules, including this rule, unless the subject matter or context are inconsistent:-
- G15.1 words importing the singular or plural shall include the plural and singular respectively;
- G15.2 words importing gender shall include the male and female genders;
- G15.3 any reference to an Act shall include any amendment or re-enactment from time to time;
- G15.4 "amendment of rules" shall include the making of a new rule and the rescission of a rule, and "amended" in relation to rules shall be construed accordingly;
- G15.5 "the association" shall mean the association of which these are the registered rules;
- G15.6 "board" shall mean the board appointed in accordance with Part D and "board member" or "member of the board" shall mean a member of the board for the time being but shall not include a person co-opted to the board under rule D.5;
- G15.7 "Corporation" means the Housing Corporation or Housing Directorate of the Welsh Assembly Government;
- G15.8 "independent board member" means a board member who is neither a local authority person nor a tenant;
- G15.9 "independent shareholder" means a member of the Association who is a person who is neither a local authority person nor a tenant;
- G15.10 "local authority" means Penwith District Council or the statutory successor to that housing authority and such other housing authority permitted to be a member by Penwith District Council;
- G15.11 "local authority person" means a person who is :-
- a member of the local authority or someone who has been within the last four years the spouse, partner or close relative of such a person; or
 - an officer of the local authority or the spouse, partner or close relative of such a person; or
 - a person who is both an employee and either a director, manager, secretary or other similar officer of a company which is under the control of the local authority;

- G15.12 "local authority board member" means a board member appointed pursuant to Rule D2.3;
- G15.13 "officer" shall include the chair and secretary of the association and any board member for the time being and such other persons as the board may appoint under rule E8;
- G15.14 "the Parent" shall mean Devon and Cornwall Housing Trust, Company Registration Number 02612385;
- G15.15 "persons claiming through a shareholder" shall include their personal representatives and also their nominees where a nomination has been made;
- G15.16 "property" shall include all real and personal estate (including loan stock certificates, books and papers);
- G15.17 "register of shareholders" means the register kept in accordance with rule G6.1;
- G15.18 "secretary" means the officer appointed by the board to be the secretary of the association or other person authorised by the board to act as the secretary's deputy;
- G15.19 "shareholder" shall mean one of the persons referred to in rule C5 and means "member" as defined by the Act;
- G15.20 "tenant" means a person who alone or jointly with others hold a tenancy, lease or licence to occupy premises owned or managed by the association for residential use or the premises of any body whose accounts must be consolidated with the association;
- G15.21 "tenant board member" means a tenant who is a board member and who is neither a local authority person nor an independent shareholder;
- G15.22 "the Act" shall mean the Industrial and Provident Societies Acts 1965 to 1975;
- G15.23 "these rules" shall mean the registered rules of the association for the time being;
- G15.24 references to any provision in any Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision;
- G15.25 "special resolution" means a resolution at a general meeting passed by a two thirds majority of all shareholders who vote in person or by proxy.

National Housing Federation 2005

INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965

Acknowledgement of Registration of Society

Register No.....R

..... Limited

is this day registered under the Industrial and Provident Societies Act 1965.

Dated (Seal of Central Office)

Copy kept

..... **Financial Services Authority**

1. Shareholder

2. Shareholder

3. Shareholder

..... Secretary