NATIONAL HOUSING FEDERATION

RULES of: **Clarion Housing Association Limited**

A Registered Society under the Co-operative and Community Benefit Societies Act 2014

Register No. .....

MODEL RULES 2015

National Housing Federation

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Contents

Part A	**Name and objects**
A1	Name
A2	Objects
A3-A4	Non-profit
A5	Corporate status
Part B	**Powers of Association, Board and Shareholders**
B 1-B3	Powers
B4-B6	Powers of the Board
B7	Limited powers of Shareholders in General Meetings
B8-B9	General
Part C	**Shareholders and General Meetings**
C1	Obligations of Shareholders
C2-C4	Nature of shares
C5-C11	Nature of Shareholders
C12-C15	Admission of Shareholders
C16-C17	Ending of shareholding
C18-C19	Annual General Meeting
C20-C21	Special General Meetings
C22-C24	Calling a General Meeting
C25-C29	Proceedings at General Meeting
C30	Proxies
C31-C38	Voting
C39-40	Representatives and nominees
Part D	**The Board**
D1	Functions
D2-D11	Composition of Board
D12-D13	Terms of office and election or appointment to the Board
D14	Quorum for the Board
D15-D24	Board Members' interests
D25-D27	Meetings of the Board
D28-D32	Management and delegation
D33-D35	Miscellaneous provisions
Part E	**Chair, vice chair, chief executive, Secretary and other Officers**
E1-E5	The Chair
E6	The Chair's responsibilities
E7	The chief executive
E8	The Secretary
E9	Other Officers
E10-E11	Miscellaneous

Part F **Financial control and audit**

F1-F5 Auditor
F6- F7 Auditor's duties
F8-10 Accounting requirements
F11 Annual returns and balance sheets
F12-F14 Borrowing
F15 Investments

Part G **Miscellaneous and statutory**

G1-G2 Registered office and name
G3 Disputes
G4-G8 Minutes, seal, registers and books
G9-G10 Statutory applications to the Registrar
G11 Amendment of Rules
G12-G13 Dissolution
G14 Interpretation of terms

Part A Name and objects

Name

A1 The name of the society shall be Clarion Housing Association Limited (the **Association**).

Objects

A2 The Association is formed for the benefit of the community. Its charitable objects shall be to carry on for the benefit of the community:

A2.1 the business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;

A2.2 any other charitable object that can be carried out from time to time by a registered society registered as a provider of Social Housing with the Regulator.

Non-profit

A3 The Association shall not trade for profit and any profits shall only be applied for the purpose of furthering the Association's objects and/or in accordance with these Rules.

A4 Nothing shall be paid or transferred by way of profit to Shareholders of the Association.

Corporate status

A5 The Association is a subsidiary of the Parent and shall not become a subsidiary of another organisation without first amending these rules to state the name of the parent entity.

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 under rule B1, and only so far as is necessary or expedient to achieve its objects, the Association shall have power to:

B2.1 purchase, acquire or dispose, take or grant any interest in property including any mortgage, charge, floating charge or other security whatsoever;

B2.2 construct or carry out works to buildings;

B2.3 help any charity or other body not trading for profit in relation to housing and related services;

B2.4 subject to rules F12, F13 and F14, borrow money or issue bonds, notes loan stock or any other debt instrument or enter into any transaction having the effect of borrowing;

B2.5 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 financial exposure of the Association;

B2.6 subject to rule F15, invest the funds of the Association;

B2.7 lend money on such terms as the Association shall think fit;

B2.8 guarantee, enter into any contract of indemnity or suretyship in relation to, or provide security for, the borrowing or performance of the obligations of any other organisation, in each case on such terms as the Association shall think fit.

B3 The Association shall not have power to receive money on deposit in any way which would require authorisation under the Financial Services and Markets Act 2000 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, subject to rules D28-D32, the exercise of any of its powers. Such delegation may include any of the powers and discretions of the Board.

Limited powers of Shareholders in General Meetings

B7 The Association in General Meetings 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 these Rules or the Association's regulations shall not be concerned to see or enquire if the Board's powers are restricted by these Rules or 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 Shareholder 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. Shares shall be non-withdrawable.

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 of that unincorporated body (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 on that share 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 Parent shall be a Shareholder and can appoint an individual to exercise its rights at general meetings. Any such appointment shall be in writing and given to the Secretary.

C7 The following cannot be Shareholders:

C7.1 a minor;

C7.2 a person who has been expelled as a Shareholder, unless authorised by special resolution at a General Meeting;

C7.3 an Employee;

C7.4 a person who has been removed from the Board in accordance with rule D9;

C7.5 a person in respect of whom a registered medical practitioner who is treating that person gives a written opinion to the Association stating that the person has become physically or mentally incapable of exercising their rights as a Shareholder and may remain so for more than three months;

C7.6 a person who is disqualified from acting as a director of a company or as a board member of another registered society or as a trustee of a charity for any reason.

C8 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.

C9 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.

C10 No Shareholder shall hold more than one share and each share shall carry only one vote.

C11 A share cannot be held jointly unless by nominees of an unincorporated body.

Admission of Shareholders

C12 Every Board Member who is not an Employee nor a co-optee shall upon appointment as a Board Member be admitted as a Shareholder. The Board shall set, review and publish its policies and objectives for admitting new Shareholders who are not Board Members. The Board shall only admit new Shareholders in accordance with such policies.

C13 An applicant for a share shall apply in writing to the Association's registered office:

C13.1 setting out their reasons for applying and how they meet any criteria set by the Association's policies under rule C12; and

C13.2 pay the sum of one pound (which shall be returned to them if the application is not approved).

C14 Every application shall be considered by the Board in accordance with rule C12. The Board has the power in its absolute discretion to accept or reject the application. Any application must also be approved by the Parent. If the application is approved by the Board and 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.

C15 No Resident shall be admitted as a Shareholder if it would mean that more than one-third of the Shareholders would at that time be Residents.

Ending of shareholding

C16 A Shareholder shall immediately cease to be a Shareholder if:

C16.1 they die; or

C16.2 they are expelled under rule C17; or

C16.3 they withdraw from the Association by giving notice to the Secretary, which shall be effective on receipt, unless they are one of the last three remaining Shareholders, in which case they must provide at least one month's written notice of the withdrawal to the Secretary; or

C16.4 they do not attend in person or appoint a proxy in respect of, nor deliver written apologies in advance for two consecutive annual General Meetings of the Association; or

C16.5 in the case of a body corporate it ceases to be a body corporate; or

C16.6 in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body; or

C16.7 they cease to be eligible to be a Shareholder under rule C7; or

C16.8 they are a Resident and in the opinion of the Board are in material or serious breach of their tenancy agreement or lease or are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order: anti-social behaviour order, anti-social behaviour injunction, demoted tenancy, or closure order; or

C16.9 they are a Resident and the Association has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the Association provided that if the order is suspended or is an order for payment in instalments they shall only cease to be a Shareholder upon failing to meet the terms of the order.

C17 A Shareholder (except for the Parent who may never be expelled) may only be expelled by a Special Resolution at a special General Meeting called by the Board provided that the following rules apply to the process:

C17.1 The Board must give the Shareholder at least one month's notice in writing of the General Meeting. The notice to the Shareholder 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.

C17.2 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.

C17.3 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

C18 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 or such later date as may be permitted by law.

C19 The functions of the annual General Meeting shall be:

C19.1 to receive the annual report which shall contain:

- 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;
- the Board's report on the affairs of the Association;

C19.2 subject to rules F3 and F4, to appoint the auditor (if one is required by law);

C19.3 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

C20 All General Meetings other than annual General Meetings shall be special General Meetings and shall be convened either:

C20.1 upon an order of the Board; or

C20.2 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; or

C20.3 upon a written requisition of the Parent; or

C20.4 if within twenty-eight days after delivery of a requisition to the Secretary a meeting is not convened, the Shareholders who have signed the requisition, or the Parent if the Parent requisitioned the meeting, may convene a meeting.

C21 A special General Meeting shall not transact any business that is not set out in the notice convening the meeting.

Calling a General Meeting

C22 Subject to rule C24, all General Meetings shall be convened by at least fourteen Clear Days' written notice posted or delivered by hand or sent by Electronic Communication to every Shareholder at the address or Electronic Communication address given in the share register. The notice shall state whether the meeting is an annual General Meeting or special General Meeting, the time, date and place of the meeting, and the business for which it is convened.

C23 Any accidental failure to get any notice to any Shareholder shall not invalidate the proceedings at that General Meeting. A notice or communication delivered by hand or sent by post to a Shareholder at their address or Electronic Communication address shown in the register of Shareholders shall be deemed to have arrived as specified in rule G14.14.

C24 Seventy-five per cent of Shareholders may agree, by consenting in writing or by confirming through Electronic Communication, to a General Meeting being held with less notice than required by rule C22.

Proceedings at General Meetings

C25 Before any General Meeting can start its business there must be a quorum present. A quorum is one-tenth of all Shareholders, with a minimum number of five and a maximum number of 25. As part of the quorum at least two Shareholders, including the Parent or a person appointed to represent the Parent, must be present in person.

C26 A meeting held as a result of a Shareholder requisition (other than a meeting requisitioned by the Parent) will be dissolved if too few Shareholders are present half an hour after the meeting is scheduled to begin.

C27 All other General Meetings with too few Shareholders will be adjourned to the same day, at the same time and at the registered office in the following week. If less than the number of Shareholders set out in rule C25 are present within half an hour of the

time the adjourned meeting is scheduled to have started, those Shareholders present shall carry out the business of the meeting.

C28 The Chair of any General Meeting can:

C28.1 take the business of the meeting in any order that the Chair may decide; and

C28.2 adjourn the meeting if the Parent and the majority of the Shareholders present in person or by proxy agree. An adjourned meeting can only be held if a representative of the Parent is present and 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.

C29 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 or unable 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 Board Member if one is present and willing to act.

Proxies

C30 Any Shareholder entitled to attend and vote at a General Meeting may appoint another person, whether or not a Shareholder, as their proxy to attend and vote on their behalf. A proxy can be appointed by delivering a written appointment, which may be by way of Electronic Communication, to the registered office, or such other place as may be selected by the Board and stated in the meeting notice, at least 48 hours before the date of the meeting at which the proxy is authorised to vote. It must be signed or confirmed by Electronic Communication and sent 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.

Voting

C31 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.

C32 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.

C33 Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair of the meeting 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.

C34 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.

C35 A ballot on a resolution may be demanded by the Parent or by any three Shareholders at a meeting (in person or by proxy) or directed by the chair of the

meeting (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.

C36 A ballot shall be taken at such time and in such manner as the chair of the meeting shall direct. The result of such a ballot shall be deemed to be the resolution of the Association in General Meeting.

C37 Subject to the Act a resolution in writing signed or confirmed by letter or by Electronic Communication by or on behalf of the requisite majority of the Shareholders, for the time being, entitled to vote on the relevant resolution and the Parent shall be as valid and effective as a resolution passed at a properly called and constituted meeting of Shareholders provided that a copy of the proposed resolution has been delivered in accordance with these Rules to all Shareholders and the requisite majority of Shareholders referred to in rule C38 and the Parent have delivered their agreement in accordance with these Rules. Such resolution when signed or approved may comprise more than one document in the same form, each signed or approved, by one or more Shareholders.

C38 For the purposes of rule C37 the requisite majorities are:

- in the case of an ordinary resolution, a simple majority of Shareholders, including the Parent, who would have been entitled to vote had the resolution been proposed at a properly called and constituted General Meeting;
- in the case of a resolution requiring a two-thirds majority of Shareholders, at least two-thirds of the Shareholders, including the Parent, who would have been entitled to vote had the resolution been proposed at a properly called and constituted General Meeting; or
- in the case of a resolution requiring a three-quarters majority of Shareholders, at least three-quarters of the Shareholders, including the Parent, who would have been entitled to vote had the resolution been proposed at a properly called and constituted General Meeting.

Representatives and nominees

C39 Under the provisions of these Rules (including rules A3, A4, C2 and C4) no Shareholder is entitled to property of the Association in that capacity, and in the event of death a person shall cease to be a Shareholder, their share shall be cancelled and the amount paid up on that share shall become the property of the Association. The following make provisions for representatives and nominees taking into account the provisions of these Rules:

C39.1 The Act provides that a Shareholder may nominate a person or persons to whom property in the Association at the time of his/ her death shall be transferred. As any such share will have been cancelled, no person so nominated under the Act shall be entitled to any property of that Shareholder on their death.

C39.2 No property shall be capable of transfer to any personal representative of a deceased Shareholder.

C40 Upon a claim being made by a trustee in bankruptcy of a bankrupt Shareholder to the share held by that Shareholder, the Association shall transfer such share to which the trustee in bankruptcy is entitled and as the trustee in bankruptcy may direct them.

Part D The Board

Functions

D1 The Association shall have a Board who shall direct the affairs of the Association in accordance with its objects and these Rules and ensure that its functions are properly performed. These functions will be agreed by the Board and set out separately in a code of governance or otherwise in writing.

Composition of the Board

D2 The Board shall consist of between five and twelve Board Members (including co-optees) or such other greater number as may be determined by the Board with the consent of the Parent and at least two and not more than four of the Board Members shall be Resident Board Members selected and appointed in accordance with such democratic or other procedures as are determined by the Board with the consent of the Parent from time to time.

D3 All Board Members will be appointed and may be removed by the Parent at any time by notice in writing (which shall be effective immediately on receipt) delivered to the registered office of the Association, and any such notice shall be deemed to have been received as specified in rule G14.14.

D4 Except for co-optees and Employees only Shareholders can be Board Members.

D5

D5.1 The Board shall agree with the Parent the obligations of every Board Member (which shall include expected standards of conduct) to the Board and to the Association. The Board shall review and may, with the prior consent of the Parent, amend the obligations of Board Members from time to time.

D5.2 Any Board Member or co-optee who has not signed a statement confirming that they will meet their obligations (including the expected standards of conduct) to the Board of the Association without good cause within one month of appointment to the Board or, if later, within one month of adoption of these Rules, shall immediately cease to be a Board Member or co-optee unless the Board resolves to disapply this rule in respect of any Board Member or co-optee. The Board may vary the form of statement from time to time with the prior consent of the Parent.

D6 The Board may, with the prior consent of the Parent, appoint co-optees to serve on the Board on such terms as the Board resolves and may remove such co-optees. Not more than five co-optees can be appointed to the Board or to any committee at any one time. 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 nor any matter directly affecting Shareholders. Co-optees may be removed by the Parent at any time. Any such removal shall be effective immediately on receipt of notice in

writing delivered to the registered office of the Association, and any such notice shall be deemed to have been received as specified in rule G14.14.

D7 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 and Regeneration Act 2008, Board Members and co-optees are officers.

D8 No one can become or remain a Board Member, a committee member or co-optee at any time if:

D8.1 they are disqualified from acting as a director of a company, as a board member of another registered society or as a charity trustee for any reason; or

D8.2 they have been convicted of an indictable offence which is not, or cannot be, spent; or

D8.3 a composition is made with that person's creditors generally in satisfaction of that person's debts; or

D8.4 they are not a Shareholder (unless they are a co-optee or Employee); or

D8.5 they have absented themselves from three consecutive meetings of the Board or committee (as the case may be) in one rolling twelve-month period without special leave of absence from the Board; or

D8.6 a registered medical practitioner who is treating that person gives a written opinion to the Association stating that that person has become physically or mentally incapable of acting as a Board Member, co-optee or committee member and may remain so for more than three months; or

D8.7 they are a Resident and in the opinion of the Board are in material or serious breach of their tenancy agreement or lease or are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order: anti-social behaviour order, anti-social behaviour injunction, demoted tenancy, or closure order; or

D8.8 they are a Resident and the Association has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the Association provided that if the order is suspended or is an order for payment in instalments they shall only cease to be a Resident Board Member, co-optee or committee member upon failing to meet the terms of the order; or

D8.9 they are an Employee and their contract of employment is terminated; or

D8.10 they are specifically appointed as a Resident Board Member and cease to be a Resident; or

D8.11 they are removed from the Board by the Parent;

and any Board Member, co-optee or committee member who at any time ceases to qualify under this rule shall immediately cease to be a Board Member, co-optee or committee member (as appropriate).

D9 A Board Member (save for any Board Member appointed by the Parent) may be removed from the Board:

D9.1 by a Special Resolution at a General Meeting; or

D9.2 by a resolution passed by two-thirds of the Board Members, excluding the Board Member subject of the proposed removal and excluding co-optees and Employees, 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 reasons for the removal; and
- the Board is satisfied that the reasons justify the removal.

D10 A Board Member may resign as a Board Member by giving a written notice of resignation which shall be effective immediately on receipt of notice in writing delivered to the registered office of the Association, and any such notice shall be deemed to have been received as specified in rule G14.14.

D11 Whenever the number of Board Members and co-optees is less than permitted by these Rules, the Board may with the consent of the Parent 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.

Terms of office and election or appointment to the Board

D12 Each Board Member (save for Board Members appointed under rules D11 and D13) shall be appointed for a fixed term of office (each a "fixed term"). The fixed term shall be for a term of three years unless the Parent has set a shorter term for the relevant Board Member on their appointment. No fixed term shall be set which would cause the relevant Board Member to serve beyond nine consecutive years (and for this purpose time service on the board of another Group Member or on the board of any predecessor of the Association or another Group Member shall be counted), save where the Parent decides that circumstances exist where it would be in the best interest of the Association for a Board Member to serve for a longer period.

D13 The Board may appoint or co-opt Employees to the Board, with the Parent's consent, on such terms as the Board resolves but no Employee may be appointed (or co-opted) to the Board if, following their appointment (or co-option), Employees would be in a majority.

Quorum for the Board

D14

D14.1 Subject to the provisions of rule D14.2 three Board Members shall form a quorum. The Board may determine a higher number or impose additional requirements.

D14.2 The Board will not be quorate unless Board Members who are Employees are in a minority.

D14.3 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 rule D14.2 shall be suspended for that time. Where the Parent has failed to appoint Board Members under rule D3 before the end of this six

month period, the Board may appoint additional Board Members to bring the number of Board Members up to that required by these rules.

Board Members' interests

D15 No Board Member, co-optee or member of a committee shall have any financial interest in any contract or other transaction with the Association or with any other Group Member, or be granted a benefit by the Association, unless such interest or benefit:

D15.1 is expressly permitted by these Rules; or

D15.2 would not be in breach of, and would not be inconsistent with, any guidance, standard or code published by the Regulator, section 122 of the Housing and Regeneration Act 2008 or any code of conduct and/or governance adopted by the Board.

D16 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. Such disclosure must comply with any code of conduct and/or governance adopted by the Board from time to time. 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.

D17 Subject to rule D18, if a question arises at a meeting of Board Members or of a committee of the Board as to the right of a Board Member, co-optee or member of a committee to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair or chair of the committee in the case of a member of a committee, whose ruling in relation to any Board Member, co-optee or member of a committee (other than the Chair or chair of the committee) is to be final and conclusive.

D18 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair or chair of the committee, the question is to be decided by a decision of the Board Members or members of that committee at that meeting, for which purpose the Chair or chair of the committee is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

D19 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.

D20 Every Board Member, co-optee and member of a committee shall ensure that the Secretary at all times has a list of:

D20.1 all other bodies in which they have an interest as:

- a director or officer; or
- a member of a firm; or
- an official or elected member of any statutory body; or
- the owner or controller of more than two per cent of a company the shares in which are publicly quoted or more than ten per cent of any other company;

D20.2 any property owned or managed by the Association which they occupy; or

D20.3 any other significant or material interest.

D21 If requested by a majority of the Board Members or members of a committee (as appropriate) 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 as the Board directs.

D22 Notwithstanding rule D15, the Association may:

D22.1 pay properly authorised expenses to Board Members, co-optees and members of committees when actually incurred on the Association's business;

D22.2 pay insurance premiums in respect of insurance taken out to insure Officers and Employees;

D22.3 pay reasonable and proper remuneration, fees, allowances or recompense for loss of earnings to Board Members, co-optees and members of committees following appropriate independent advice; and

D22.4 subject to compliance with Section 122 of the Housing and Regeneration Act 2008, and subject to compliance with any code of conduct and/or governance adopted by the Board from time to time grant reasonable and proper benefits to Board Members, co-optees and members of committees;

D22.5 grant benefits to Board Members, co-optees or members of committees who are beneficiaries which are granted on the same terms and in accordance with the same criteria as they would be granted to any other beneficiary of the Association.

D23 A Board Member, co-optee or member of a committee shall not have an interest for the purpose of rules D15 to D20 as a Board Member, director or Officer of any other Group Member.

D24 Board Members, co-optees or members of committees who are Residents shall be deemed not to have an interest for the purpose of rules D15 to D20 in any decision affecting all or a substantial group of Residents.

Meetings of the Board

D25 The Board shall meet at least three times every calendar year. At least seven days' written notice (delivered by hand, sent by post or Electronic Communication) of the date and place of every Board meeting shall be given by the Secretary to all Board Members and co-optees. The Board may meet on shorter notice where not less than seventy-five per cent of the Board Members so agree.

D26 Meetings of the Board may be called by the Secretary, or by the Parent, 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. Pursuant to the request, the Secretary shall call a meeting on at least seven days' notice but not more than fourteen days' notice to discuss the specified business. If the Secretary fails to call such a meeting then the Chair, the Parent, or two Board Members, whichever is the case, shall call such a meeting.

D27 Meetings of the Board or a committee can take place in any manner and through any medium which permits those attending to hear and comment on the proceedings. Any person who attends in this manner will be deemed to be present at the meeting whether or not all are assembled in one place.

Management and delegation

D28 The Board may delegate, with the Parent's consent, any 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.

D29 The Board may reserve to itself certain significant matters that cannot be delegated to committees or Employees.

D30 The membership of any committee shall be determined by the Board with the Parent's consent. Every committee shall include one board member of a Group Member. The Board will, with the Parent's consent, 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 of a Group Member on the committee has voted in favour of the resolution and the Board has previously approved a budget for the relevant expenditure.

Miscellaneous provisions

D33 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.

D34 A resolution sent to all Board Members or all members of a committee and signed, or confirmed by Electronic Communication 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 and may consist of documents in the same form and signed or confirmed by Electronic Communication by one or more persons.

D35 Notice may be given to Board Members or members of a committee by hand, post or Electronic Communication at the last address for such communication given to the Secretary. The accidental failure to give notice to a Board Member or member of a committee or the failure of the Board Member or committee member to receive such notice shall not invalidate the proceedings of the Board or committee.

Part E Chair, vice chair, chief executive, Secretary and other Officers

The Chair

E1 The Association shall have a Chair, who shall chair Board meetings. The Association may also have a vice Chair who, in the Chair's absence, shall act as the Chair and have the Chair's powers and duties. The Chair (and vice Chair) shall be appointed by the Parent in consultation with the Board and shall serve for a fixed term of three years, or until the Chair (or vice Chair) resigns, ceases to be a Board

Member or is removed as Chair (or vice Chair) under rules E4 or E5. The Chair (or vice Chair) shall be eligible for reappointment at the end of the fixed term (but shall be subject to rule D12).

E2 Where the Parent fails to appoint a Chair (or vice Chair), the Board may appoint one of their number to act as Chair until such time as the Parent makes an appointment. The Chair shall at all times be a Shareholder and a Board Member and cannot be an Employee.

E3 In a case of an equality of votes, the Chair shall have a second vote.

E4 The Chair (or vice Chair) may be removed by the Parent at any time. Any such removal shall be effected immediately on receipt of notice in writing delivered to the registered office of the Association, and any such notice shall be deemed to have been received as specified in rule G14.14.

E5 The Chair (or vice-Chair) of the Association may be removed, with the Parent's consent, at a Board meeting called for that purpose provided the resolution is passed by at least two-thirds of the Board Members present and voting at the meeting.

The Chair's responsibilities

E6 The Chair's responsibilities will be set out in a written document and agreed by the Board and the Parent.

The chief executive

E7 The Association may have a chief executive appointed by the Board with the prior written consent of the Parent. The chief executive shall be appointed with a written and signed contract of employment, which shall include a clear statement of the duties of the chief executive.

The Secretary

E8 The Association shall have a Secretary who shall be appointed by the Board and who may be an Employee. The Board may also appoint a deputy Secretary (who may also be an Employee) to act as Secretary in the Secretary's absence. The Secretary's duties will be clearly set out in writing and agreed by the Board.

Other Officers

E9 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

E10 Every Officer or Employee shall be indemnified by the Association for any amount reasonably incurred in the discharge of their duty.

E11 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 or any Group Member.

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 91 of the Act.

F2 The following cannot act as auditor:

F2.1 an Officer or Employee of the Association; or

F2.2 a person employed by or employer of, or the partner of, an Officer or Employee.

F3 The Association's auditor may be appointed by the Board or by a resolution of Shareholders.

F4 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:

F4.1 a General Meeting has appointed someone else to act or has resolved that the auditor cannot act; or

F4.2 the auditor does not want to act and has told the Association so in writing; or

F4.3 the person is not qualified or falls within rule F2 (above); or

F4.4 the auditor has become incapable of acting; or

F4.5 notice to appoint another auditor has been given.

F5

F5.1 No 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;

F5.2 the Association shall send a copy of the resolution to the retiring auditor and also give notice to Shareholders at the same time and in the same manner, if possible;

F5.3 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 Shareholders under Section 95 of the Act.

Auditor's duties

F6 The findings of the auditor shall be reported to the Association, in accordance with Section 87 of the Act.

F7 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

F8 The end of the accounting year must be a date allowed by the Registrar.

F9 The Association shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 75 and 76 of the Act.

F10 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

F11 Every year, within the time period specified by legislation, the Secretary shall send the Association's annual return to the Registrar. The return shall be prepared in accordance with the period specified in the Act, or such other date allowed by the Registrar and shall be lodged within the period required by law. The annual return shall be accompanied by the auditor's report, if required, for the period of the return and the accounts and balance sheets to which it refers.

Borrowing

F12 The total borrowings of the Association at any time shall not exceed £10,000,000,000 (ten billion) pounds sterling or such a larger sum as the Association determines from time to time in General Meeting. For the purpose of this rule F12, at any relevant time, any amount of the Association's borrowings in any currency other than pounds sterling (as may be permitted or not prohibited by the Regulator from time to time) shall be converted to sterling using 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 borrowings, or in the absence of such a rate or rates (in whole or in part) using the official spot exchange rate or rates recognised by the Bank of England for the conversion of that currency or currency unit into sterling at or about 11:00 on the relevant day.

F13 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 member of a committee.

F14

F14.1 In respect of any proposed borrowing, for the purposes of rule F12 and in relation to the amount remaining undischarged of any deferred interest or index-linked monies or amounts on any deep discounted security previously borrowed by the Association, the amount of such pre-existing borrowing shall be deemed to be the amount required to repay such pre-existing borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and

F14.2 for the purposes of rule F13 in respect of any proposed borrowing intended to be on deferred interest or index-linked terms 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; and

F14.3 no person dealing in good faith with the Association shall be concerned to know whether rule F12, F13 or this rule F14 have been complied with.

Investment

F15 The funds of or monies borrowed by 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: Level 6, 6 More London Place, London SE1 2DA.

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, advertisements, official publications, cheques, invoices, website and any other formal corporate communication whether electronic or otherwise.

Disputes

G3 Any dispute on a matter covered by these Rules shall be referred by either party to a suitably qualified independent mediator for settlement. The mediator shall be appointed by agreement between the parties or, in default of agreement, by the Centre for Effective Dispute Resolution whether the disagreement be as to the qualifications, the identity of the mediator or otherwise. The mediation will be conducted in accordance with the requirements of the mediator. Both parties will be obliged to comply and co-operate with this procedure at each stage and to share equally the costs of appointment of the relevant mediator as referred to above. Costs thereafter will be borne as the mediator will determine. Where the dispute is not resolved by mediation, any claim shall be dealt with in the county court which shall have sole jurisdiction over any dispute arising under the Rules.

Minutes, seal, registers and books

G4 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 by law.

G5 The Association must keep at its registered office:

G5.1 the register of Shareholders showing:

- the names and addresses of all the Shareholders; and

- a statement of all the shares held by each Shareholder 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 Shareholder;

G5.2 a duplicate register of Shareholders showing the names and addresses of Shareholders and the date they became Shareholder;

G5.3 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;

G5.4 a register of holders of any loan;

G5.5 a register of mortgages and charges on land; and

G5.6 a copy of the Rules of the Association.

G6 The Association must display a copy of its latest balance sheet and auditor's report (if one is required by law) at its registered office.

G7 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.

G8 The Secretary shall give a copy of these Rules to any person on demand who pays such reasonable sum as permitted by law.

Statutory applications to the Registrar

G9 Ten Shareholders can apply to the Registrar 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.

G10 The Shareholders may apply to the Registrar 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

G11

G11.1 The Rules of the Association may be rescinded or amended but not without the consent of the Parent and not so as to stop the Association being a charity, and not without the prior consent of the Regulator where such consent is required under the Housing and Regeneration Act 2008.

G11.2 The Rules may only be amended by a resolution put before the Shareholders by the Board.

G11.3 Rules A2; A3; A4; B1; B2; B3; C2; C3; D15; G11 and G13 can only be amended or rescinded by way of a written resolution or 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 or by way of a written resolution.

G11.4 Amended Rules shall be registered with the Registrar as soon as possible after the amendment has been made. An amended rule is not valid until it is registered.

G11.5 A copy of the amended Rules shall be sent to the Regulator as soon as possible after registration by the Registrar.

Dissolution

G12 The Association may be dissolved by a three-fourths majority of Shareholders who sign an instrument of dissolution in the prescribed format or by winding-up under the Act.

G13

G13.1 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 Clarion Futures or another charitable body with objects similar to that of the Association.

G13.2 If no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust.

G13.3 If the Association is registered as a provider of Social Housing with the Regulator any transfer or gift must be in compliance with the Housing and Regeneration Act 2008 or any other relevant legal and regulatory provisions which exist from time to time.

Interpretation of terms

G14 In these Rules, including this rule, unless the subject matter or context is inconsistent:

G14.1 words importing the singular or plural shall include the plural and singular respectively;

G14.2 words importing gender shall include the male and female genders;

G14.3 **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;

G14.4 the **Act** shall mean the Co-operative and Community Benefit Societies Act 2014;

G14.5 the **Association** shall mean the Association of which these are the registered Rules;

G14.6 **Board** shall mean the Board appointed in accordance with Part D and **Board Member** or shall mean a member of the Board (including a Resident Board Member) for the time being but shall not include a person co-opted to the Board under rule D6;

G14.7 **Chair** shall mean the person appointed as Chair in accordance with rule E1 and where applicable shall include the vice Chair;

G14.8 **Clear Days**, in respect of notice for a meeting, shall mean a period calculated excluding both the day on which any notice or communication is deemed to be received under these rules and the date of the meeting;

G14.9 **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 to be made, or any combination of these transactions;

G14.10 **Electronic Communication** shall have the meaning set out in section 148 of the Act;

G14.11 **Employee** means an employee of the Association, the Parent or any other Group Member;

G14.12 **General Meeting** shall mean a General Meeting of the Association's Shareholders called and held in accordance with rules C18-38;

G14.13 **Group Member** means the Parent, the Association, each subsidiary of the Parent or the Association, any body corporate of which the Parent or the Association is a subsidiary and any subsidiary of such body corporate and for this purpose "subsidiary" has the meaning within the Act and/or the Housing and Regeneration Act 2008 and/or the Companies Act 2006;

G14.14 **notice** shall be deemed to have been received by a person:

(1) if posted by first class post at least two business days (meaning Monday to Friday but excluding bank holidays) after being posted;

(2) if sent by Electronic Communication one hour after transmission provided that no transmission notification of non-delivery or error has been received by the person transmitting the communication and the transmission is to the Electronic Communication address or number last notified by that person to the Secretary;

(3) if delivered by hand, on delivery to the person's address last notified by that person to the Secretary;

G14.15 **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 E9;

G14.16 **Parent** means Clarion Housing Group Limited (or such other name as it may be known by from time to time), a registered society with registered number 28038R or any corporate body:

(1) to whom the Parent transfers the whole of its engagements pursuant to the relevant provisions of the Act; or

(2) formed as a result of an amalgamation, pursuant to the relevant provisions of the Act, of the Parent and one or more other corporate bodies.

G14.17 **Property** shall include all real and personal estate (including loan stock certificates, books and papers);

G14.18 **Register of Shareholders** means the register kept in accordance with rule G5.1;

G14.19 **Registrar** means the Financial Conduct Authority or any statutory successor to or any assignee of any or all of its relevant functions from time to time;

G14.20 **Regulator** means the Homes and Communities Agency acting through its Regulation Committee established pursuant to the Housing and Regeneration Act 2008 or any future body or authority (including any statutory successor) carrying on similar regulatory or supervisory functions;

G14.21 **Resident** means a person who alone or jointly with others holds a tenancy, lease or licence to occupy the Association's premises or the premises of any other Group Member for residential use;

G14.22 **Resident Board Member** shall mean a member of the Board who is a Resident;

G14.23 **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;

G14.24 **Shareholders** shall mean one of the persons referred to in rule C5 and means member as defined by the Act;

G14.25 **Social Housing** means low cost rental accommodation and low cost home ownership accommodation as defined in sections 68 to 77 of the Housing and Regeneration Act 2008;

G14.26 **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;

G14.27 **these Rules** shall mean the registered rules of the Association for the time being;

G14.28 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.

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Acknowledgement of Registration of Society

Register No.....R

.....Limited

is this day registered under the Co-operative and Community Benefit Societies Act 2014.

Dated ..... **(Seal of Central Office)**

Copy kept .....**Registrar**

1 .....Shareholder

2 .....Shareholder

3 .....Shareholder

.....Secretary