



RULES OF
COTMAN HOUSING ASSOCIATION LIMITED

(showing amendments approved up to and including 21 August 2017)

REGISTER N^o::
19473R

Registered under the Industrial and Provident Societies Act, 1965

ALL PREVIOUS RULES RESCINDED

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Based on the National Housing Federation Model Rules 2005

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PART A

NAME AND OBJECTS

Name

- A1 The name of the society shall be **Cotman 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 non-profit provider of social housing with the TSA.

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 purchase, take or grant any interest in land, or construct or carry out works to buildings;
 - B2.2 help any charity or body not trading for profit in relation to housing;
 - B2.3 subject to rules F12, F13, F14 and F15 borrow money or issue loan stock and enter into swap transactions and rate cap transactions for the purposes of the association on such terms and on such security including floating charges as the association thinks fit;
 - B2.4 subject to rule F16 invest the funds of the association; and
 - B2.5 enter into any form of guarantee, indemnity or suretyship whatsoever.
- 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 (but for the avoidance of doubt shall have the power to receive money on trusts and donations).

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, officers and to employees of the association (subject to rule D21) 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 and without notice of any irregularity.
- B9 A person acting in good faith who does not have actual notice of these rules or any regulations shall not be obliged to see or inquire if the board's powers are restricted by such rules or 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 representative of an unincorporated body (alone or jointly with other representatives) can be transferred and only to a new representative of that unincorporated body (alone or jointly with other representatives).
- 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 into either of the categories of national shareholder or community shareholders (each as described below) in the register of shareholders:
- C5.1 Membership as a national shareholder will be open only to PFP.
- C5.2 Membership as community shareholders will be open to shareholders of the association at the date of the adoption of these rules (other than the body which is designated as a national shareholder under rule C5.1) and will be open to tenants of the association, the permanent members of their household and other persons with relevant knowledge, experience, skills or expertise which are complementary to the aims of the association and who fulfil such criteria for membership as community shareholders as the board may from time to time determine.
- On the date of registration of these rules, the board will register each then existing shareholder (apart from PFP) as a community shareholder.
- C6 The following cannot be or become 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 or of any other group member;
- C6.4 a person who is disqualified from acting as a director of a company for any reason;
- C6.5 a person who is, or may be, suffering from mental disorder and either
- is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for their detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to their property or affairs.
- C7 A shareholder can be the representative 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 representative 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 representative.
- C8 A corporate body can be a shareholder. It can appoint an individual to exercise its rights at general meetings and may revoke such appointment. Any such appointment or revocation shall be in writing, and given to the secretary. A representative shall be entitled to speak at the meeting at which they are entitled to vote.
- 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 representatives of an unincorporated body.

Admission of shareholders

- C11 The board shall admit as a shareholder any individual (who may be a representative in accordance with rule C7) or corporate body who is proposed for shareholder membership by PFP, and shall not admit any other person as a shareholder. PFP shall be a national shareholder on and with effect from registration of these rules.
- C12 An applicant for a share shall pay the sum of one pound.
- C13 If the application is approved the name of the applicant and the other necessary particulars shall be entered in the register of shareholders. One certificate for a share in the association and a copy of its rules shall be issued to the applicant.

Cancellation 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 (other than in the case of PFP) 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 (other than in the case of PFP) is in liquidation or the subject of an administration order or has a receiver and/or manager appointed over all or any of its assets; or
- C14.6 in the case of the representative of an unincorporated body, they transfer their share to another representative of that body; or
- C14.7 they become ineligible to be a shareholder under rule C16; or
- C14.8 they are removed as a shareholder by PFP by notice in writing addressed to the association or
- C14.9 they are a resident and they are in breach of their tenancy agreement, licence or lease with the association or another group member and they fail to rectify the breach within 90 days of receiving written notice from the association (or such group member) informing them of the breach; or
- C14.10 the association serves notice on the shareholder at their last known address asking them to indicate within a period (not being less than three months) whether they wish to remain a shareholder and they fail to reply within such period.

Expulsion of a shareholder

- C15 Except as provided in C14, a shareholder may only be expelled by a special resolution at a special general meeting called by the board but neither PFP nor any Group Member (if a shareholder) may be so expelled.
- 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 reasons for the proposed expulsion and must request the shareholder to attend the meeting to respond to the reasons set out in the notice.
- 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 or such later date as may be permitted by law.

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 on those accounts and balance sheets; and
- the board's report on the affairs of the association;

C17.2 to appoint the auditor; and

C17.3 to transact any other general business of the association included in the notice convening the meeting.

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 the national shareholder; or

C18.3 upon a written requisition from PFP (if PFP is not then the national shareholder).

C19 If within twenty-eight days after delivery of a requisition to the secretary a meeting required under rule C18 is not convened, the shareholder(s) who have signed the requisition may convene a meeting.

C20 A special general meeting shall not transact any business that is not mentioned in the notice convening the meeting.

Calling a general meeting

C21 All general meetings shall be convened by either (i) at least fourteen clear days' written notice posted or delivered or sent by fax to every shareholder at the address fax number or email address given in the share register, or (ii) with the consent of the national shareholder, such shorter period as the national shareholder may agree. 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.

C22 Any accidental failure to get any notice to any shareholder (including any accidental failure to send it), 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 and any sent by fax or email shall be deemed to have been served when received provided, in respect of a fax, it is legible and, in respect of

an email, it is in a readable form.

Proceedings at general meetings

- C23 Before any general meeting can start its business there must be a quorum present. A quorum is present if PFP is present (by a representative or by proxy).
- C24 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.
- C25 All other general meetings with too few shareholders will be adjourned to the same day, at the same time in the following week at the association's registered office. If the shareholders present half an hour after the time the adjourned meeting should have started are less than as stated in rule C23, those shareholders present shall carry out the business of the meeting provided that PFP is present (by a representative or by proxy).
- C26 The chair of any general meeting can:
- C26.1 take the business of the meeting in any order that the chair may decide; and
 - C26.2 adjourn the meeting if the national shareholder agrees. 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.
- C27 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 deputy chair (if any) shall chair the meeting, failing which the national shareholder shall elect a representative to chair the meeting.

Proxies

- C28 A proxy can be appointed by delivering a written appointment to the registered office (or such other place as may be selected by the board and stated in the notice calling the meeting) at least two days before the date of the meeting at which the proxy is authorised to vote. It must be signed by the national 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

- C29 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 or is required by these rules, be decided upon a show of hands.
- C30 On a show of hands the national shareholder if present in person and on a ballot the national shareholder if 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.
- C31 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.

- C32 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.
- C33 A ballot on a resolution may be demanded by PFP or by the national shareholder 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.
- C34 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.
- C35 A resolution in writing signed by the national shareholder shall be as valid and effectual as if it had been passed at a general meeting duly convened and held.

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 (unless they are delegated to PFP) be to:
- D1.1 define and ensure compliance with the values and objectives of the association;
 - 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 managing director (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 TSA as a non-profit provider of social housing, ensure that the association takes account of any obligation imposed upon the association by the TSA in exercise of its powers.

Composition of the board

- D2 D2.1 The board shall consist of five board members, or of such greater number not exceeding fifteen (including co-optees) as may be determined by PFP.

- D2.2 All board members shall be appointed and may be removed by PFP by notice in writing.
- D2.3 No resident may be appointed as a board member if it would mean that, at that time, more than one third of the board members are residents.
- D2.4 No board member may be appointed if it would mean that, at that time, less than one third of the board members are independent.
- D3 D3.1 The board shall set the obligations of every board member to the board and to the association. The board shall review and may amend the obligations of board members from time to time.
- D3.2 No board member may act as such until they have signed and delivered to the board a statement, confirming that they will meet their obligations to the board and to the association. The board may vary the form of statement from time to time.
- D4 D4.1 PFP may appoint co-optees to serve on the board on such terms as it 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 the appointment or removal of, or setting or amending the obligations of shareholders.
- D4.2 PFP may co-opt, or appoint to the board, the group chief executive and other directors or employees of any group member provided that this will not cause more than one quarter of the board (including co-optees) to be directors or employees of group members.
- D4.3 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 2008 Act a co-optee is an officer.
- D5 Not more than five co-optees can be appointed to the board or to any committee at any one time.
- D6 No one can become or remain a board member or co-optee at any time if:
- D6.1 they are disqualified from acting as a director of a company for any reason; or
- D6.2 they have been convicted of an indictable offence within the last five years; or
- D6.3 they have absented themselves from four consecutive meetings of the board without special leave of absence (unless PFP determines that they shall remain a board member notwithstanding such absence); or
- D6.4 they are, or may be, suffering from mental disorder and either
- they are admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for their detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to their property or affairs; or
- D6.5 they cease to be a board member under the terms of any contract for their services as a board member (whether or not as an employee); or

D6.6 they are a resident and they are in breach of their tenancy agreement, lease or licence with the association or another group member and they fail to rectify the breach within 90 days of receiving written notice from the association (or such group member) informing them of the breach; or

D6.7 in the case of a resident, they cease to be a resident and the board determines that they cease to be a board member

and any board member or co-optee who at any time ceases to qualify under this rule shall immediately cease to be a board member or co-optee. A board member who, on the date he or she ceases to hold office, has continuously held that office for a consecutive period of not less than six years may only be re-appointed for a term not exceeding 12 months. A board member may not be appointed for a period which, when aggregated with his or her earlier continuous service as a board member, would exceed nine years. A board member shall in any event cease to hold office on the completion of nine years' continuous service as a board member and will not thereafter be eligible for appointment as a board member.

D7 A board member may be removed from the board

D7.1 by a special resolution at a general meeting, or:

D7.2 by a resolution passed by three quarters of the board present, excluding co-optees and paid staff, 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 D3.1; and
- the board is satisfied that the allegation(s) is or are true.

D8 Whenever the number of board members and co-optees is less than permitted by these rules, PFP shall appoint a further board member.

Quorum for the board

D9 D9.1 Subject to the provisions of rule D9.2 three board members or half of the board (whichever is lower) shall form a quorum. The board may determine a higher number or impose additional requirements.

D9.2 The board is not quorate unless:

- (1) less than half the quorum are employees of the association or any group member; and
- (2) at least one third of the quorum is independent.

D9.3 If the number and make up of board members falls below the number and make up necessary for a quorum, the secretary must notify PFP immediately and in any event within 14 days and PFP will promptly exercise its right to appoint additional board members. The remaining board members may continue to act as the board until such time as that right is exercised.

Board members' interests

D10 No board member, co-optee or member of a committee or officer shall have any financial interest:

D10.1 personally; or

D10.2 as a member of a firm; or

D10.3 as a director or other officer of a business trading for profit; or

D10.4 in any other way whatsoever

in any contract or other transaction with the association or with any other group member, unless it is expressly permitted by these rules or under any determination or specification or guidance issued by the TSA from time to time.

D11 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 or officer, unless it is expressly permitted by these rules or any determination or specification or guidance issued by the TSA from time to time. For the avoidance of doubt, the association may pay remuneration and grant benefits to any chief executive, managing director or other employee of any group member who is co-opted or appointed to the board.

D12 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.

D13 Every board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of

D13.1 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 percent of a company the shares in which are publicly quoted or more than ten percent of any other company;

D13.2 any property owned or managed by the association which they occupy; or

D13.3 any other significant or material interest

which in each case would or could affect any arrangement with the association.

D14 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.

D15 The association may:

D15.1 pay properly authorised expenses to board members, co-optees and members of committees when actually incurred on the association's business;

D15.2 pay insurance premiums in respect of insurance taken out to insure officers and employees against the cost of a successful defence to a criminal prosecution brought against them as officers or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or breach of duty;

D15.3 pay remuneration, fees, allowances or recompense for loss of earnings to board members, co-optees and members of committees; and

D15.4 grant benefits to board members, co-optees and members of committees, Provided that any such payment or benefit is lawful. Any remuneration shall not exceed such sum as would breach any limit in any determination, specification or guidance issued by the TSA at the time it is paid if the association is then registered with the TSA as a non-profit provider of social housing. Any remuneration will be determined by the parent.

D16 A board member, co-optee or member of a committee shall not have an interest for the purpose of rules D10 to D12 as a board member, director, or officer of any other group member.

D17 Board members, co-optees or members of committees who are tenants shall be deemed not to have an interest for the purpose of rules D10 to D12 in any decision affecting all or a substantial group of tenants.

D18 The grant of a tenancy, lease or licence by the association or by any other group member at the direction of another body to a board member, co-optee or member of a committee or as permitted by any determination, specification or guidance issued by the TSA is not the grant of a benefit for the purpose of rule D11.

Meetings of the board

D19 The board shall meet at least three times every calendar year. At least three 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. The board may meet on shorter notice where not less than 75 per cent of the board members so agree.

D20 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 three 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

D21 The board may delegate any of its powers under written terms of reference to committees or to one or more officers or employees (subject to rule D1) provided that PFP has approved the terms of any such delegation. Those powers shall be exercised in accordance with any written instructions given by the board.

D22 The membership of any committee shall be determined by the board. The board will appoint the chair of any committee and shall specify the quorum. The chair of a committee, and a majority of its members, may not be employees of any group member.

D23 All acts and proceedings of any committee shall be reported to the board.

D24 For the purposes of the 2008 Act any member of a committee shall be an officer.

Miscellaneous provisions

D25 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.

D26 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 such 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.

D27 Meetings of the board or committee can take place in any manner and through any medium which permits those attending to hear and comment on the proceedings and whether or not all are assembled in one place.

D28 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, MANAGING DIRECTOR, 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 subject to the prior written approval of PFP. The association shall also have a deputy chair who shall, in the chair's absence, chair board meetings and who shall also be elected by the board subject to the prior written approval of PFP. Neither the chair nor any deputy chair may be an employee of a group member.

E2 The chair and deputy chair on appointment shall hold office for such term as PFP may determine (or until the chair or deputy chair resigns as chair or deputy chair or ceases to be a board member or is removed under rule E3 as the case may be). The first item of business for any board meeting when there is no chair or the chair or deputy chair is not present shall be to elect the chair. The chair shall at all times be a board member and cannot be an employee. In the case of any equality of votes, the chair shall have a casting vote.

E3 The chair of the association may be removed either by PFP by notice in writing or otherwise 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 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; and

E4.3 a constructive working relationship is established with, and support provided for, the managing director or director.

The managing director

E5 The association may have a managing director or director who shall be appointed and may be removed by the board subject to the prior written approval of PFP. The managing director or director shall be appointed on a written contract of employment, which shall include a clear statement of the duties of the managing

director.

The secretary

- E6 The association shall have a secretary who shall be appointed by the board and who may be an employee. The secretary shall in particular:
- E6.1 summon and attend all meetings of the association and the board and keep the minutes of those meetings; and
 - E6.2 keep the registers and other books determined by the board; and
 - E6.3 make any returns on behalf of the association to the Financial Services Authority and the TSA; and
 - E6.4 have charge of the seal of the association; and
 - E6.5 be responsible for ensuring the compliance of the association with these rules.

Other officers

- E7 The board may designate as officers such other executives and staff of the association on such terms (including pay) as it from time to time decides.

Miscellaneous

- E8 Every officer or employee shall be indemnified by the association for any amount reasonably incurred in the discharge of their duty.
- E9 Except for the consequences of their own dishonesty or gross negligence no board member, officer or employee shall be liable for any losses suffered by any group member.

PART F

FINANCIAL CONTROL AND AUDIT

Auditor

- F1 The association shall appoint a firm of auditors to act in each financial year. They must be qualified as provided by Section 7 of the Friendly and Industrial and 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 F3.1 Subject to rule F3.2, the association's auditors shall be appointed at a general meeting.
- F3.2 The board may appoint an auditor to fill a casual vacancy.
- 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 shall not 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; or
 - F4.4 the auditor has become incapable of acting; or
 - F4.5 notice under rule F4.1 of intention to pass a resolution to appoint another auditor, or that the auditor shall not act, has been given.
- F5
- F5.1 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.
 - F5.2 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.
 - F5.3 If it is not possible to give the notice referred to in rule F5.2 as specified in that rule, 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

- F6 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.
- F7 The board shall produce the revenue account and balance sheet audited by the auditor, and the auditor's report, 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 Financial Services Authority.
- F9 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.
- 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 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, and shall be lodged within the period allowed by law. The annual return shall be accompanied by the auditor's reports 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 £4,000,000,000 (four billion pounds sterling) or such a larger sum as the

association determines from time to time in general meeting.

- 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 a committee, subject to Rule D23.
- F14 F14.1 In respect of any proposed borrowing, for the purposes of rule F12, 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 borrowing 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;
- F14.2 For the purposes of rule F12 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 shall be concerned to know whether rule F12 or F13 or this rule F14 have been complied with.
- F15 F15.1 The association shall have the power to enter into and perform a swap transaction, or series of swap transactions, where the board (or a duly authorised officer, employee or committee established under the rules) considers entry by the association into such transaction(s) to be in the best interest of the association.
- F15.2 The association will comply with the published regulatory requirements of the TSA which are in force from time to time in respect of each swap transaction but breach of this obligation will not invalidate any swap transaction entered into by the association.
- F15.3 A person entering into a swap transaction with the association who has received a written certificate signed by the secretary confirming the association's compliance with this rule F15 shall not be concerned to enquire further whether or not the association has complied with the provisions of this rule F15 and such transaction shall be valid at the date that it is entered into and throughout its term in favour of such person (or any assignee or successor in title) whether or not the provisions of this rule F15 have been complied with.
- F15.4 Any person acting in good faith and without prior notice shall be entitled to rely upon a certificate from the secretary stating that the powers of the board under rule F15 have not been exceeded.
- F15.5 For the purposes of this rule F15, "swap transaction" has the meaning given in the definition of "swap transaction" appearing in the 2006 ISDA Definitions as amended from time to time but for the avoidance of doubt shall include a retail prices (or other published index) transaction and any contract for differences (as defined in the glossary in The Full Handbook as published by the Financial Services Authority, from time to time).

Investment

- F16 The funds of the association may be invested by the board in such manner as it

determines.

Application of profits

- F17
- F17.1 The profits of the association shall not be distributed either directly or indirectly in any way whatsoever amongst shareholders of the association.
- F17.2 The board may out of the profits of the association as disclosed in the audited revenue accounts and balance sheet, having taken into account any payment under rule F17.3, set aside such sum as it may direct which may be applied towards carrying on the objects of the association and allocate out of any such profits such amount as it may determine to be used for charitable purposes approved by the board (or a committee). Any part of the profits not so applied shall be carried forward.
- F17.3 The association shall have the power to pay the whole or part of the net profits of the association to a registered non-profit provider of social housing (as defined in the 2008 Act) or other body having similar rules or objects to the association (and to enter into deeds of covenant and other instruments for that purpose) on such terms as the board or any committee may agree.

PART G

MISCELLANEOUS AND STATUTORY, REGISTERED OFFICE AND NAME

- G1 The association's registered office is:

**4 The Pavilions
Portway
Preston PR2 2YB**

- 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 association shall also have for use for sealing securities issued by the association and the sealing of documents creating or evidencing securities, an official seal which is a facsimile of the association's common seal with the addition on its face, the word "securities" and any document to which the official seal is affixed need not be signed by any person. 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 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 shareholders; and
 - whether each shareholder is a national shareholder or a community shareholder.
- G6.2 a duplicate register of shareholders showing the names and addresses of shareholders and the date they became shareholders.
- G6.3 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 and any loan stock (and any transfers of them).
- 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 annual report 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 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 is permitted by law.
- G10 Any shareholder or person having an interest in the funds of the association shall be allowed to inspect their own account at all reasonable hours at the registered office of the association or at any other place where they are kept subject to any terms and conditions as to the time and manner of inspection as may be made at general meeting of the association.

Statutory applications to the Registrar

- G11 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.
- G12 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

- G13 G13.1 The rules of the association may be rescinded or amended, but not so as to stop the association being a charity with the consent in writing of PFP and in accordance with this rule.
- G13.2 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 prior to the general meeting.
- G13.3 Rules A2; A3; A4; B1; B2; B3; C1; C2; D9; D19; G13 and G15 can only be amended or rescinded by three fourths of the votes cast by national shareholders at a general meeting. Any other rule can be rescinded or amended by two thirds of the votes cast by national shareholders at a general meeting.
- G13.3 Amended rules shall be registered with the Financial Services Authority as soon as possible after the amendment has been made. A copy of the amended rules shall be issued to all shareholders immediately after registration. An amended rule is not valid until it is registered.

Dissolution

- G14 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.
- G15 G15.1 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 those of the association.
- G15.2 If no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust.
- G15.3 If the association is registered as a non-profit provider of social housing with the TSA any transfer or gift is governed by the 2008 Act.

Interpretation of terms

- G16 In these rules, including this rule, unless the subject matter or context are inconsistent:-
- G16.1 words importing the singular or plural shall include the plural and singular respectively;
- G16.2 words importing gender shall include the male and female genders;
- G16.3 any reference to an Act shall include any amendment or re-enactment from time to time;
- G16.4 "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;
- G16.5 "association" shall mean the association of which these are the registered rules;
- G16.6 "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.4;
- G16.7 "community shareholder" has the meaning given in rule C5.2;
- G16.8 "group" means the association and all other group members;
- G16.9 "group member" means the association, any subsidiary of the association, any body corporate of which the association is a subsidiary and any subsidiary of such body corporate. For this purpose, subsidiary means any body corporate which is a subsidiary within the meaning of the Act and/or the 2008 Act and/or the Companies Act 1985;
- G16.10 "Housing Association" has the meaning given by Section 1 of the Housing Associations Act 1985;
- G16.11 "independent" means that a person is not a resident or an employee of any group member;
- G16.12 "national shareholder" has the meaning given in rule C5.1;
- G16.13 "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 E7;
- G16.14 "persons claiming through a shareholder" shall include their personal representatives and also their nominees where a nomination has been made;
- G16.15 "PFP" means Places for People Group Limited, a company limited by guarantee (registered number 3777037);
- G16.16 "property" shall include all real and personal estate (including loan stock certificates, books and papers);
- G16.17 "register of shareholders" means the register kept in accordance with rule G6.1;
- G16.18 "resident" means a person who alone or jointly with others hold a tenancy, lease or licence to occupy the premises owned or managed by a group member for residential use;
- G16.19 "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;
- G16.20 "shareholder" shall mean one of the persons referred to in rule C5 and means "member" as defined by the Act;
- G16.21 "TSA" means the body established as the Office for Tenants and Social Landlords under Part 2 of the 2008 Act;
- G16.22 "Act" shall mean the Industrial and Provident Societies Acts 1965 to 2002;
- G16.23 "2008 Act" means the Housing and Regeneration Act 2008;
- G16.24 "these rules" shall mean the registered rules of the association for the time being;
- G16.25 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;
- G16.26 "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; and
- G16.27 reference to any regulatory body includes reference to any body which may from time to time succeed to all or any part of its function.

INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965

Acknowledgement of Registration of Society

Register No. 19473R

Cotman Housing Association Limited

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

Dated

(Seal of Central Office)

Copy kept

**Registrar of Friendly Societies
Central Office**

1. Shareholder

2. Shareholder

3. Shareholder

.....Secretary
