

MODEL RULES OF
A NON TRADING CO-OPERATIVE
NO SHARES

CO-OPERATIVES ACT 1996 (VICT.)

Contents

<u>Rule No.</u>	<u>Subject</u>	<u>Page</u>
1	Definitions	1
2	Members to Abide by Co-operative Principles	1
3	Alteration of the Rules	1
4	Name	2
5	Active Membership Provisions	2
6	Qualifications Required for Membership	2
7	Membership, Entry Fees and Subscription	3
	<i>Includes important points on:</i>	4
	▪ <i>Active Membership Agreements 6) (c)</i>	
8	Ceasing Membership	4
9	Expulsion of Members	5
	<i>Includes important points on:</i>	
	▪ <i>Ownership or part ownership of property (1) (d)</i>	
10	Suspension of Members	6
11	Disputes	6
12	Fines	7
13	Liability of Members	7
	<i>Includes important points on:</i>	
	▪ <i>Death of a member (2)</i>	
14	Forfeitures and Cancellations – Inactive Members	7
	<i>Includes important points on:</i>	
	▪ <i>Leave of absence (3)</i>	
15	Death of a Member	8
16	Transfer and Transmission of Debentures	9
17	General Meetings	9
18	Annual General Meetings	9
	<i>Includes important points on:</i>	
	▪ <i>Financial Year reporting (b)</i>	
	▪ <i>Election of Directors (c)</i>	
	▪ <i>Special business (6)</i>	
19	Special General Meetings	10
20	Notice of General Meetings	11
21	Quorum at General Meetings	11
22	Presiding at General Meetings	12
23	Adjournment of Meetings	12
24	Standing Orders at General Meetings	12
	<i>Includes important points on:</i>	
	▪ <i>Visitors (2)</i>	
	▪ <i>Minutes (4)</i>	
25	Attendance and Voting at General Meetings	14
<u>Rule No.</u>	<u>Subject</u>	<u>Page</u>
26	Postal Ballot	14

27	Poll at General Meetings	15
28	Special and Ordinary Resolutions	15
29	Board of Directors	15
30	Qualifications of Directors	15
31	Retirement of Directors	16
32	Election of Directors	16
33	Manner of Election	17
34	Casual Vacancy	18
35	Removal From the Office of Director	18
36	Remuneration	18
37	Deputy Directors	18
38	Proceedings of the Board	18
	<i>Includes important points on:</i>	
	▪ <i>Director Sub Committee delegation (7) (a) (b)</i>	
	▪ <i>Minutes (6), (7)(c)</i>	
	▪ <i>Proceedings of Sub Committees (8)</i>	
39	Quorum for Board Meetings	21
40	Chairperson of Board	21
41	Financial Year	21
42	Seal	21
43	Custody and Inspection of Records	22
44	Banking	22
45	Safekeeping of Securities	22
46	Audit	22
47	Co-operative Funds	23
48	Provision for Loss	23
49	Winding Up	23
50	Non-Profit	24

Appendices

1	Schedule of Charges	25
2	Part 1: Name of Co-operative	26
	Part 2: Primary Activity	26
	Part 3: Active Membership Requirements	26
3	Part 1: Membership and Subscription Fees	28
	Part 2: Fines	28
4	Transfer of Debentures	29
5	Qualifications of an Independent Director	30
6	The International Co-operative Principles	31

1. ***Definitions***

In these rules -

"**Act**" means the **Co-operatives Act 1996**;

"**Appendix**" means Appendix to these rules;

"**board**" means the board of the co-operative;

"**general meeting**" means any annual or special general meeting;

"**member**" means a member of the co-operative;

"**month**" means calendar month;

"**Registrar**" means the person for the time being holding the office of Registrar of Co-operatives under the Act.

"**regulations**" means the Co-operatives Regulations 1997;

2. ***Members to abide by co-operative principles***

(1) Principles

The co-operative and its members must comply with the co-operative principles to the extent that they apply to them (see Appendix 6).

(2) Objects

- (i) The objects of the Co-operative are to carry out its primary activity of managing and subletting affordable residential properties to its members under an appropriate tenancy agreement in an equitable and efficient manner.
- (ii) The object in (2) (i) is to be achieved through the primary activity of the Co-operative, that being the managing and subletting of affordable residential properties to the members of the Co-operative who are financially disadvantaged such as to meet the Office of Housing's (Vic) eligibility criteria.

3. ***Alteration of the rules***

- (1) These rules may be altered by a special resolution in accordance with section 113 of the Act or by a resolution of the board in accordance with section 114 of the Act.

- (2) A proposed alteration of these rules must be approved by the Registrar under section 112 of the Act before the resolution altering the rules is passed.
- (3) An alteration of these rules does not take effect unless and until it is registered by the Registrar under section 115 of the Act.
- (4) Any member is entitled to obtain from the co-operative a copy of these rules on payment of the amount set out in the Appendix 1.

4. *Name*

- (1) The name of the co-operative is the name specified in Part 1 of Appendix 2.
- (2) The co-operative may change its name in accordance with section 255 of the Act.
- (3) The co-operative may abbreviate its name in accordance with section 253 of the Act.

5. *Active membership provisions*

- (1) The primary activity of the co-operative is the activity set out in Part 2 of Appendix 2.
- (2) In order to establish active membership of the co-operative a member must comply with the requirements set out in Part 3 of Appendix 2.
- (3) All members must be active members of the co-operative.
- (4) If a member fails or ceases to be an active member, the board must in accordance with Division 4 of Part 6 of the Act declare the membership of the member cancelled.

6. *Qualifications required for membership*

- (1)
 - (a) A person is not qualified to be admitted to membership if the person is not at least 18 years of age.
 - (b) A person is not qualified to be admitted to membership unless there are reasonable grounds for believing that the person will be an active member of the co-operative.

- (2) If a person is already a member of the co-operative (under the provision of previous Rules) but would not now meet the above qualification of age, such will not preclude that member from continuing as a member until they attain the age of 18 years.

7. *Membership, entry fees and subscription*

- (1) An application for membership in the co-operative must -
 - (a) be in a form approved by the board/members; and
 - (b) be lodged at the registered office of the co-operative; and
 - (c) be accompanied by the relevant fee or amount set out in Part 1 of Appendix 3.
- (2) The board/members must consider each application.
- (3) The board/members may accept or reject an application for membership and need not give any reason for their decision.
- (4) If the board/members approve an application for membership
 - (a) the board must ensure that the name of the person is entered in the register of members and directors in accordance with sections 75 and 244 of the Act; and
 - (b) the board must notify the applicant in writing of the entry in the register; and
 - (c) the applicant for membership becomes entitled to exercise the rights of membership when -
 - (i) the member's name appears in the register of members; and
 - (ii) the member has paid to the co-operative the relevant fees and amounts set out in Part 1 of Appendix 3.
- (5) If the board/members reject an application, the whole of the money lodged in respect of the application must be refunded to the applicant without interest.
- (6)
 - (a) Membership may be held singly or jointly.

- (b) A joint membership carries with it only one vote.
- (c) Any Active Membership Agreement between the Co-operative and the joint members must be signed by all joint members. Only one agreement is required per joint membership.
- (d) Joint members may determine amongst themselves who will exercise the rights and responsibilities of the joint membership. Such determinations must be provided to the Co-operative in writing and be signed by all joint members.
- (e) Where determinations in (6) (d) are not provided in writing, the right to vote and to be a director will be deemed to belong to the joint member whose name appears first in the Co-operative's register of members.

8. *Ceasing membership*

A person ceases to be a member in each of the following circumstances -

- (a) if the member's membership is cancelled under Part 6 of the Act;
- (b) if the member is expelled or resigns in accordance with these rules;
- (c) if the member becomes bankrupt and the trustee of the member's estate disclaims any debt, contract, duty or liability of the member with the co-operative;
- (d) on the death of the member;
- (e) if the contract of membership is rescinded on the ground of misrepresentation or mistake;
- (f) on expiry of notice in writing given by the member to the Secretary, of the member's resignation from membership; and
- (g) where membership is cancelled or forfeited according to Rule 14.

9. *Expulsion of members*

- (1) A member may be expelled from the co-operative if the co-operative by special resolution determines that the member should be expelled on the ground that -
 - (a) the member has failed to discharge the member's obligations to the co-operative under the Act or these rules;
 - (b) the member has acted in a manner that has -
 - (i) prevented or hindered the co-operative in carrying out any of its primary activities; or
 - (ii) brought the co-operative into disrepute; or
 - (c) the member has acted in a manner contrary to any of the co-operative principles and in so acting caused the co-operative harm;
 - (d) if the member is found to be, or becomes, the owner or part-owner of a residential property;
 - (e) where the member has vacated or abandoned the property rented from the co-operative without the co-operative's consent; or
 - (f) where the member has a warrant for possession for the property (leased by the member from the Co-operative) executed against them.
- (2) The member must be given at least 21 days written notice to their last known address of the proposed resolution and of the date, time and place of the meeting at which the resolution will be moved.

- (3) The procedure at the general meeting to consider the proposed resolution is as follows -
 - (a) the member must be given a reasonable opportunity to be heard at the meeting;
 - (b) the member is entitled to call witnesses and to cross-examine witnesses called against the member;
 - (c) if the member fails, without reasonable excuse, to attend at the time and place of which notice has been given, the co-operative may consider the matter in the absence of the member;
 - (d) after considering the matter, the co-operative may by special resolution determine to expel the member.
- (4) The expulsion of the member does not take effect until the special resolution is registered with the Registrar.
- (5) When a member is expelled, the co-operative must repay to the member any amount owing to that member, less any amount owing by the member to the co-operative, and cancel the member's membership.

10. *Suspension of members*

Members cannot be suspended from the co-operative.

11. *Disputes*

- (1) The grievance procedure set out in this rule applies to disputes under these rules between -
 - (a) a member and another member; or
 - (b) a member and the co-operative.
- (2) The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days after the dispute comes to the attention of all of the parties.
- (3) If the parties are unable to resolve the dispute at the meeting under sub-rule (2) or if a party fails to attend that meeting, then the parties must, within 10 days, hold a meeting in the presence of a mediator.
- (4) The mediator must be –
 - (a) a person chosen by agreement between the parties, or
 - (b) in the absence of agreement –

- (i) in the case of a dispute between a member and another member, by the board of the co-operative; or
 - (ii) in the case of a dispute between a member and the co-operative, a person who is a mediator with the Dispute Settlement Centre of Victoria (Department of Justice).
- (5) A member of the co-operative can be a mediator.
- (6) The mediator cannot be a member who is a party to the dispute.

*This Rule provides for the mediation of a dispute. Note that section 89 of the Act provides another procedure whereby application may be made to the Supreme Court for an order declaring and enforcing rights or obligations of members between themselves, or of the co-operative and a member between themselves. The Court may refuse to make an order, or may make an order for costs, if the Court is of the opinion that the application is unreasonable or the issue trivial.

12. *Fines*

There is no provision in these Rules for the imposition of fines on members.

13. *Liability of members*

- (1) A member is not, as a member, under any personal liability to the co-operative except for the amount of any charges payable by the member to the co-operative as required by these rules.
- (2) On the death of a member, the member's estate remains liable as the member until the member's personal representative makes appropriate arrangements consistent with the objectives of the Co-operative or some other person is registered in the member's place.
- (3) In extenuating circumstances arising out of (2) the CERC may determine other mutually agreed arrangements as an interim position.

14. *Forfeitures and cancellations - Inactive members*

- (1) In accordance with section 131 of the Act, the board, after giving any notice required under section 136 of the Act, must declare the membership of a member cancelled if -

- (a) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a period of at least 2 months before that time; or
 - (b) the member is not presently an active member of the co-operative and has not been an active member of the co-operative at any time during the period of 2 months immediately before that time.
- (2) Sub-rule (1) applies to a member only if he or she was a member of the co-operative throughout the period referred to in paragraph (a) or (b), as the case requires.
- (4) If the membership of a member is cancelled any amount due to the member in respect of the cancellation must be dealt with in accordance with section 138 of the Act.
- (3) Members may apply in writing to the Board for Leave of Absence. The Board will communicate its decision in writing. A member who is granted leave of absence is not inactive for the purposes of cancellation of membership (Rule 14).

15. *Death of a member*

- (1) Subject to and in accordance with section 84 of the Act, on the death of the member, the board must transfer the deceased member's interest in the co-operative to -
- (a) the executor or administrator of the deceased member; or
 - (b) with the consent of the board, to a person –
 - (i) who is specified by the personal representative of the deceased member in an application under section 84 of the Act; and
 - (ii) who is qualified to be a member in accordance with the Act and these rules.
- (2) The board may transfer the interest of a deceased member to a person entitled in accordance with section 85 of the Act if -
- (a) the total value of the interest is less than \$10,000 (or such other amount as may be prescribed by the regulations); and
 - (b) there has not been a grant of administration of the estate, or probate of the will of the deceased member.

- (3) A member's interest in the Co-operative does not include the unexpired portion of the deceased member's tenancy agreement with the Co-operative.

16. *Transfer and transmission of debentures*

There is no provision in these rules for the manner of transferring debentures.

17. *General Meetings*

All general meetings of the Co-operative other than the Annual General Meeting shall be special general meetings.

18. *Annual general meetings*

- (1) In accordance with section 204 of the Act, the first annual general meeting of the co-operative must be held at any time within 19 months after the incorporation of the co-operative.
- (2) The second or any subsequent annual general meeting of the co-operative must be held within -
- (a) 5 months after the close of the financial year of the co-operative; or
 - (b) any further time that may be allowed by the Registrar or is prescribed.
- (3) The board may determine the date, time and place of the annual general meeting.
- (4) If the board does not hold an annual general meeting within the required time, the members may requisition the meeting in accordance with section 209 of the Act.
- (5) The ordinary business of the annual general meeting shall be -
- (a) to confirm minutes of the last preceding annual general meeting;
 - (b) to receive from the board, auditors, or any officers of the co-operative reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of cash flows, and the state of affairs at the end of that year;
 - (c) to elect directors.

- (6) The annual general meeting may also transact special business of which notice has been given to members in accordance with these rules.
- (7) All business of an annual general meeting, other than ordinary business, is special business. The determination of remuneration (if any) of directors is special business of an Annual General Meeting and requires a special resolution.

19. *Special general meetings*

- (1) A special general meeting of the co-operative may be convened at any time by the board of directors.
- (2) In accordance with section 209 of the Act, the board must convene a special general meeting of the co-operative on the written requisition of the number of active members of the co-operative who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative.
- (3) The ordinary business of the special general meeting shall be -
 - (a) to confirm minutes of the last preceding special general meeting;
 - (b) to receive from the board or committees or any officers of the co-operative reports upon the transactions, of the Co-operative since the last preceding special general meeting.
- (4) A special general meeting may also transact special business of which notice has been given to members in accordance with these rules.
- (5) All business of a general meeting, other than ordinary business, is special business.
- (6) There must be at least special general meetings each financial year.

20. Notice of general meetings

- (1) The board must give each member at least 21 days' notice of each general meeting.
- (2) If a special resolution is to be proposed at the meeting at least 21 days notice of that special resolution must be given to the members of the co-operative in accordance with section 192 of the Act.
- (3) The notice may be given in accordance with section 460 of the Act.
- (4) The notice must specify the place, the day and the time of the meeting and if special business is to be transacted, set out generally the nature of the special business.
- (5) A member of the co-operative who wishes to propose a resolution at a general meeting must give the co-operative notice of the resolution.
- (6) If notice of an ordinary resolution is given under sub-rule (5) at least 14 days before the board gives notice of the meeting, the board must include details of that resolution in the notice of the meeting.

21. Quorum at general meetings

- (1) An item of business must not be transacted at a meeting of a co-operative unless a quorum of members entitled to vote is present during the transaction of that item.
- (2) The quorum of the co-operative general meeting shall be 50% (to the next full number) of all members entitled to vote at such meeting.
- (3) If within half an hour after the appointed time for the meeting a quorum is not present, the meeting -
 - (a) if convened upon the requisition of members, is abandoned; and
 - (b) in any other case is to be adjourned to the same day and time in the next week at the same place.
- (4) If at an adjourned meeting, under sub-rule (3)(b), a quorum is not present within half an hour after the time appointed for the meeting the meeting must be abandoned.

22. *Presiding at general meetings*

- (1) Subject to this rule, the chairperson of the board presides at every general meeting of the co-operative.
- (2) If the chairperson of the board is unable or unwilling to preside or is not present within 15 minutes after the time appointed for the meeting, the members present must select one of their number to preside.
- (3) The person selected under sub-rule (2) presides at that meeting until the time that the chairperson attends and is willing to act.

23. *Adjournment of meetings*

- (1) The person presiding may, with the consent of a majority of members present at the meeting, adjourn the meeting from time to time and from place to place.
- (2) The person presiding must, if directed by a majority of members present at the meeting, adjourn the meeting to a date and time agreed.
- (3) No business may be transacted at an adjourned meeting other than business unfinished at the meeting which was adjourned.
- (4) This rule only applies if there is a quorum at the meeting to be adjourned.

24. *Standing orders at general meetings*

- (1) Subject to sub-rule (3), the following standing orders must be observed at general meetings of the co-operative -
 - (a) The mover of a motion must not speak for more than 10 minutes. Subsequent speakers are allowed 5 minutes, and the mover of the motion 5 minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule.
 - (b) If an amendment to an original motion is proposed, no second amendment may be considered until the first amendment is disposed of.
 - (c) If an amendment is carried, the original motion as so amended displaces the original motion. This new substantive motion itself, may be amended.

- (d) If an amendment is defeated, then a further amendment may be moved to the original motion. However, only one amendment may be submitted to the meeting for discussion at one time.
 - (e) The mover of every original motion, but not of an amendment, has the right to reply. Immediately after this the question must be put from the chair. No other member may speak more than once on the same question, unless permission is given for an explanation, or the attention of the chairperson is called to a point of order.
 - (f) Motions and amendments must be submitted in writing, if requested by the chairperson.
 - (g) Any discussion on a motion may be closed by a resolution "that the question be now put" being moved seconded, and carried. That resolution must be put to the meeting without debate.
- (2) Any member, or visitor invited to attend the meeting by the board, may speak on any issue at a meeting with the permission of the chairperson subject to any conditions imposed by the chairperson.
 - (3) The standing orders may be suspended for any period by ordinary resolution.
 - (4) Minutes of the general meetings shall be kept in the following manner:
 - (a) Minutes shall record all decisions taken, including the mover and the seconder.
 - (b) Minutes will record those in attendance and apologies, and may record the meeting's chairperson and secretary.
 - (c) Minutes of the previous meeting may be read. Minutes must be confirmed at the commencement of the meeting. On confirmation, minutes will be signed and dated by the meeting's chairperson.
 - (d) Minutes of general meetings shall be within 21 days of the said meeting entered in a separate book kept for that purpose.
 - (e) Minutes of general meetings will be made available for inspection to all members of the Co-operative.

25. Attendance and voting at general meetings

- (1) The right to vote attaches to membership and not shareholding.
- (2) A member of the co-operative is not entitled to vote at a meeting of the co-operative unless that person is an active member of the co-operative.
- (3) Subject to the Act and this rule, every member of the co-operative has only one vote at a meeting of the co-operative.
- (4) A member of a co-operative who is under 18 years of age is not entitled to vote.
- (5) In the case of joint membership -
 - (a) the joint members have only one vote between them; and
 - (b) that vote may be exercised by the member whose name appears first in the register of members unless the other joint member(s) otherwise direct.
- (6) Subject to the Act and these rules, a question for decision at a general meeting, other than a special resolution, must be determined by a majority of members present at the meeting and voting.
- (7) In accordance with section 208(2) of the Act, unless a poll is demanded by at least 5 members, a question for decision at a general meeting must be determined by a show of hands.
- (8) In the case of an equality of votes at a meeting of the co-operative, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded may/may not exercise a second or casting vote.

26. Postal ballot

- (1) The manner of voting shall be in accordance with the regulations.
- (2) A special postal ballot or a postal ballot must be held -
 - (a) when required by the Act; or
 - (b) in accordance with section 202 of the Act, on the written requisition of the number of active members of the co-operative who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative;
 - (c) if approved by the members by ordinary resolution.

27. Poll at general meetings

- (1) If a poll (or ballot) is demanded by at least 5 members, it must be conducted in a manner specified by the person presiding and the result of the poll is the resolution of the meeting on that question.
- (2) A poll demanded for the election of a person presiding or on a question of adjournment must be taken immediately, but any other poll may be conducted at any time before the close of the meeting.

28. Special and ordinary resolutions

- (1) A special resolution is a resolution which is passed in accordance with sections 192 and 193 of the Act -
 - (a) by a two-thirds majority at a general meeting of members; or
 - (b) by a two-thirds majority in a postal ballot (other than a special postal ballot) of members; or
 - (c) by a three-quarters majority in a special postal ballot of members.
- (2) An ordinary resolution is a resolution passed by a simple majority at a general meeting or in a postal ballot by members.
- (3) A special resolution has effect from the date that it is passed unless it is required to be registered under section 196(2) of the Act.

29. Board of directors

- (1) There shall be a board of directors.
- (2) A director must be -
 - (a) a natural person; and
 - (b) not less than 18 years of age.

30. Qualifications of directors

- (1) A person is not qualified to be a director unless he or she is a:
 - (a) member of the co-operative; or

- (b) person qualified as set out in Appendix 5 (independent director).
- (2) In accordance with section 213 of the Act, a person may only be elected or appointed as an independent director if there are at least 3 member directors appointed for each independent director.
- (3) A person must not act as a director if the person is disqualified under section 214 of the Act.
- (4) The first directors shall be elected at the meeting for the formation of the co-operative.

31. *Retirement of directors*

- (1) At the first annual general meeting of the co-operative half of the directors must retire and at the next annual general meeting the other half of the directors must retire and this pattern of rotation is to continue in ensuing years. The co-operative shall determine which director positions have initially a one-year term and a two-year term.
- (2) A retiring director retains office until the close of the meeting at which his or her successor is elected.
- (3) The directors to retire in any one year are, subject to the provisions as to the filling of casual vacancies, those that have been longest in office since their last election and if there are 2 or more directors who became directors on the same day, those who retire must be determined by lot unless they otherwise agree among themselves.
- (4) A retiring director is eligible for re-election.

32. *Election of directors*

- (1) In the notice for an annual general meeting, the board must -
 - (a) notify all members of the number of directors retiring or other vacancies existing at the annual general meeting in writing; and
 - (b) advise the members of -
 - (i) their eligibility to nominate as a director; and
 - (ii) the duties, role and responsibilities of a director; and

- (iii) the anticipated remuneration (if any); and
 - (iv) the nomination and election procedures.
- (2) A nomination
 - (a) must –
 - (i) be signed or nominated by 2 or more members (to which the candidate should indicate agreement to his or her nomination); and
 - (ii) provide details of the qualifications and experience (if any) of the person nominated.
- (3) Details of each person who has been nominated must be given to members at the annual general meeting by the secretary or an officer nominated by the board prior to a vote being taken.
- (4) Details to be provided to members must include the candidate's name and may include length of any previous service as a director of the co-operative or with any other co-operative and qualifications and experience (if any).

33. *Manner of election*

- (1) The ballot for the election of directors must be conducted at the annual general meeting in the manner that the board directs.
- (2) If, at the annual general meeting at which an election of directors ought to take place, the place of any retiring directors is not filled, the meeting stands adjourned until the same day and time in the next week and at the same place unless another place is specified by a director or officer of the co-operative -

- (a) at the time of the adjournment; or
- (b) by written notice to members given before the day to which the meeting is adjourned.

- (3) At the resumption of the adjourned meeting nominations for any unfilled positions of director may be received and an election may be held.
- (4) If at the adjourned meeting a position remains unfilled, any eligible member, if she or he consents to being elected, shall be deemed elected to the unfilled position.

34. *Casual vacancy*

If there is a casual vacancy in the office of director under section 219 of the Act, the board may appoint a person to fill that vacancy but the person appointed must retire at the next annual general meeting.

35. *Removal from the office of director*

The co-operative may by special resolution remove any director from office before the end of the director's period of office.

36. *Remuneration*

In accordance with section 229 of the Act a director of a co-operative must not be paid any remuneration for services as a director other than fees, concessions and other benefits that are approved at a general meeting of the co-operative.

37. *Deputy directors*

There is no provision in these Rules for a Deputy Director.

38. *Proceedings of the board*

- (1) Meetings of the board are to be held as often as may be necessary for properly conducting the business of the co-operative and must in any case be held at least 10 times per year.
- (2) Questions arising at any meeting shall be decided by a majority of votes.
- (3) In the case of an equality of votes, the chairperson has/has not a second or casting vote.

- (4) A director may call a meeting of the board of directors by giving notice individually to every other director.
- (5) Except in special circumstances determined by the chairperson, at least 48 hours notice shall be given to the directors of all meetings of the board.
- (6) Minutes of the Board of Directors shall be kept in the following manner:
 - (a) Minutes shall record all decisions taken, including the mover and the seconder.
 - (b) Minutes must record those in attendance and apologies, and may record the meeting's chairperson and secretary.
 - (c) Minutes of the previous meeting may be read. Minutes must be confirmed at the commencement of the meeting. On confirmation, minutes will be signed and dated by the meeting's chairperson.
 - (d) Minutes of board meetings shall be within 21 days of the said meeting entered in a separate book kept for that purpose.
 - (e) Minutes of board meetings will be made available for inspection to all members. The Board reserves the right to limit the availability of minutes in the best interests of the CERC.
- (7)
 - (a) The Board of Directors may delegate any of its powers (except the power to delegate) to a Director(s) or sub-committees consisting of such members of the Co-operative as the board deems fit (s218).
 - (b) Any sub-committees so formed shall, in the exercise of the powers designated to it, conform to any requirements or regulations that may be imposed on it by the Board of Directors.
 - (c) Minutes of sub-committee meetings shall be kept in the following manner:
 - (i) Minutes shall record all decisions taken, including the mover and the seconder.
 - (ii) Minutes will record those in attendance and apologies, and may record the meeting's chairperson and secretary.

- (iii) Minutes of the previous meeting may be read. Minutes must be confirmed at the commencement of the meeting. On confirmation, minutes will be signed and dated by the meeting's chairperson.
- (iv) Minutes of meetings shall be within 21 days of the said meeting entered in a separate book kept for that purpose.
- (v) Minutes must be made available for inspection to the board (and members if so decided).
- (vi) At each sub-committee meeting, reports shall be received by any office bearer.
- (vii) Minutes must be kept in the English language.
- (viii) Sub-Committees shall report to the Board or the General Meeting, whichever is applicable, on a regular basis.
- (ix) The quorum for any sub-committee meeting shall be two, or such other number as determined by the Board from time to time.

(8) Proceedings of Sub-Committees

- (a) Meetings are to be held as often as may be necessary for properly conducting the business delegated by the Board.
- (b) Questions arising at any meeting shall be decided by a majority of votes.
- (c) In the case of an equality of votes, the Chairperson has/has not a second or casting vote.
- (d) Except in special circumstances determined by the Chairperson, at least 48 hours' notice shall be given to the members of the sub-committee of all sub-committee meetings. Notice includes date, time, venue, and agenda items to be discussed.
- (e) A sub-committee meeting may be called by a sub-committee member giving notice individually to every other member of the sub-committee.

39. *Quorum for board meetings*

The quorum for a meeting shall be 50% to the next full number of the number of directors under Rule 29(1).

40. *Chairperson of board*

- (1) The chairperson of the board shall be elected by the board.
- (2) If the chairperson of the board is unable or unwilling to preside or is not present within 15 minutes after the time appointed for meetings of the board, the members present must select one of their number to preside.
- (3) The person selected under sub-rule (2) presides at the board meeting until the time that the chairperson attends and is willing to act.
- (4) The board may by ordinary resolution remove the chairperson from office.

41. *Financial year*

The financial year of the co-operative ends on the 30th June.

42. *Seal*

- (1) In accordance with section 254 of the Act, the co-operative must ensure that the name of the co-operative appears in legible characters on its common seal and official seals.
- (2) The common seal must be kept at the registered office of the co-operative in such custody as the board directs. The common seal may be brought to a properly constituted meeting for the purposes of complying with sub-clauses (4) and (5) but then is to be returned to the Registered Office.
- (3) The seal of the co-operative must not be affixed to any instrument except in accordance with a resolution of the board or active members at a properly constituted meeting.
- (4) Two directors must be present when the common or official seal is affixed to an instrument by another person and must sign the instrument so sealed.
- (5) In accordance with section 49(2) of the Act, the persons affixing the official seal must certify in writing on the instrument to which it is affixed, the date and place at which it is affixed.

43. Custody and inspection of records

A member is entitled to make a copy of entries in a register specified in section 246(1) of the Act -

- (a) if the copy is a photocopy or electronic copy, on payment of a fee as determined by the co-operative from time to time.
- (b) in any other case, free of charge.

44. Banking

- (1) The board must ensure that -
 - (a) a banking account or accounts are kept in the name of the co-operative; and
 - (b) all money received by the co-operative is paid into that account or those accounts as soon as possible after it is received.
- (2) All debt transactions on such accounts for and on behalf of the Co-operative must be signed by any two or more directors or a combination of two authorised signatories providing always one must be a Director.

45. Safekeeping of securities

The co-operative must keep the securities of the co-operative safely in the manner and with the provision for their safety that the board directs.

46. Audit

- (1) The accounts of the co-operative must be audited in accordance with section 238 of the Act and the regulations made under that section.
- (2) Auditors must be appointed in accordance with the regulations under section 238 of the Act to audit the accounts of the co-operative.
- (3) Audits must be carried out annually.

47. Co-operative funds

- (1) The funds and property of the co-operative must be applied solely towards the carrying out and promotion of its objects and no part may be paid or transferred directly or indirectly by way of discount, rebate or otherwise by way of profit to members of the co-operative.
- (2) There must be no return or distribution on surplus to members.

48. Provision for loss

Subject to section 271 of the Act, the board may resolve to retain part of the surplus arising from the business of the co-operative in any year to be applied to meet any loss on the transactions of the co-operative.

49. Winding up

- (1) The winding up of the co-operative must be in accordance with Part 12 of the Act.
- (2) If, on the winding up or dissolution of the co-operative, any property remains after the satisfaction of all its debts and liabilities and the costs, expenses and charges of the winding up, that property -
 - (a) must not be paid to or distributed among the members; and
 - (b) must be given or transferred to a public benevolent institution in the following order of precedence -
 - (i) Common Equity Housing Limited or its successor, or
 - (ii) A Common Equity Rental Housing Co-operative, that is a co-operative of like nature to the present one the subject of these rules, or
 - (iii) An institution or institutions which have objects similar to those of the co-operative and whose constitution prohibits the distribution of its property among its members, with preference to be given to one chosen by the members of this co-operative prior to its dissolution.

50. *Non-Profit*

All monies and property received shall be applied in furthering all or any of the objects of the Co-operative and no portion of such monies or property shall be paid to any member or co-opted member of the Co-operative, provided that nothing herein shall prevent the payment, in good faith, of reasonable and proper remuneration to any member of the Co-operative, in return for any goods and services actually rendered to the Co-operative.

Appendix 1**Schedule of charges -**

Copies of entry in register	As determined from time to time by the Board/ or general meeting. <i>(refer to rule 43)</i>
Transfer of charge (inclusive of transfer of debenture)	Not applicable
Copy of rules	As determined from time to time by the Board/ or general meeting.

Appendix 2**Part 1****Name of co-operative -**

(Insert full name of Co-operative, include "Ltd.")

Part 2**Primary activity -**

The management and sub-letting of affordable residential properties to its members under an appropriate tenancy agreement in an equitable and efficient manner.

Part 3**Active membership requirements -**

- 1) A member shall support the primary activity of the Co-operative by entering into an Active Membership Agreement approved by the Board/the members in general meeting and by carrying out the activities/obligations referred to in that agreement. In the absence of an Active Membership Agreement, members are required to carry out three (3) of the activities listed in Appendix 2 Part 3 3).
- 2) These Active Membership Agreements should be executed annually in the month following the Annual General Meeting.
- 3) The activities referred to in the Active Membership Agreement should support the primary activity of the Co-operative, and include not less than two (2) of the following:
 - (a) Attend not less than% of the general meetings of the Co-operative;
 - (b) Be a Director and/or subcommittee member of the Co-operative;
 - (c) Be a representative or on the Board (however titled) of –
 - (i) a CERC Regional Association and/or;
 - (ii) Common Equity Housing Ltd. and/or;
 - (iii) Policy Advisory Committee and/or;
 - (iv) the CERC Council;
 - (v) other similar bodies which support the primary activity of the Co-operative sector.
 - (d) Undertake maintenance activities which support the primary activity of the Co-operative;
 - (e) Undertake financial activities which support the primary activity of the Co-operative;
 - (f) Undertake support activities for other members which support the primary activity of the Co-operative;
 - (g) Undertake administration activities which support the primary activity of the Co-operative;

- (h) Undertake training in the areas of Maintenance, Finance, Co-operative administration or other areas which supports the primary activity of the Co-operative;
- (i) Undertake activities as jointly agreed by the members and the Board which support the primary activity of the Co-operative;
- (j) Pay a weekly subscription as determined by the Board from time to time.

Appendix 3

Part 1

Entry fee - \$1.00.....

Subscription - As determined by the Board from time to time.

Terms of payment -

Must be paid on application.

Part 2

Fines -

No fines applicable.

Appendix 4

This form can be used for a transfer of debentures.

(There is no provision in these Rules for the manner of transferring debentures.)

Appendix 5

Qualifications of an independent director -

A person recommended by Common Equity Housing Ltd.

A community representative

A person from another like Co-operative to which houses are headleased by Common Equity Housing Ltd.

The International Co-operative Principles

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions within the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operation.

6. Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for the Community

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.