



**NATIONAL
HOUSING
FEDERATION**

RULES of: KESWICK COMMUNITY HOUSING TRUST LIMITED

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

Register No. 31141 R

**BASED ON THE NATIONAL HOUSING
FEDERATION MODEL RULES 2005**

CONTENTS

Part A	Name and objects
A1	Name
A2	Objects
A3-A4	Non-profit
Part B	Powers of KCHT, board, and shareholders
B1-B3	Powers
B4-B6	Powers of the board
B7	Limited powers of shareholders in general meeting
B8-B9	General
Part C	Shareholders and general meetings
C1	Obligations of shareholders
C2-C9	Nature of shares
C10-C16	Nature of shareholders
C17-C19	Admission of community shareholders
C20-C21	Ending of community shareholding
C22-C27	Admission of community investment shareholders
C28-C30	Ending of community investment shareholding
C31-C33	Terms and method of withdrawal of community investment shares
C35	Reduction in value of community investment shares and/or suspension of right of withdrawal
C36-C40	Death of community investment shareholder
C41-C42	Bankruptcy and/or mental incapacity of a community investment shareholder
C43-C44	Annual general meeting
C45-C46	Special general meetings
C47-C48	Calling a general meeting
C49-C54	Proceedings at general meeting
C55	Proxies
C56-C64	Voting
Part D	The board
D1	Functions
D2-D8	Composition of board
D9-D10	Removal from the board
D11-D15	Election to the board
D16	Candidates for the board
D17	Quorum for the board
D18-D26	Board members' interests
D27-D28	Board meetings
D29-D31	Management and delegation
D32- D36	Miscellaneous provisions

PART A NAME AND OBJECTS

Name

- A1 The name of the society shall be Keswick Community Housing Trust Limited (“KCHT”).

Objects

- A2 KCHT is formed for the benefit of the community to operate as a Community Land Trust primarily in Keswick and immediate neighbourhoods (the “**area of benefit**”). Its objects shall be to carry on for the benefit of the community:
- A2.1 the business of providing social housing, 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 on terms appropriate to their means; and
- A2.2 any other charitable object that can be carried out by an Industrial and Provident Society.

Non-profit

- A3 KCHT shall not trade for profit.
- A4 Save as expressly provided in these rules nothing shall be paid or transferred by way of profit to shareholders of KCHT.

PART B POWERS OF KCHT, BOARD, AND SHAREHOLDERS

Powers

- B1 KCHT 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 KCHT shall have power to:
- B2.1 take or grant any interest in land, or carry out works to buildings, land or other property;
- B2.2 help any charity or other body not trading for profit in relation to housing;
- B2.3 subject to rules F13, F14, and F15 borrow money or issue loan stock for the purposes of KCHT on such terms and on such security including floating charges as KCHT thinks fit;
- B2.4 subject to rule F18 invest the funds of KCHT;
- B2.5 lend money on such terms as KCHT shall think fit;
- B2.6 issue community investment shares for special purpose funds or general purpose funds upon such terms as the law allows within its charitable objects and as the board in its absolute discretion shall determine;
- B2.7 issue community bonds upon such terms as the law allows within its charitable objects and as the board in its absolute discretion shall determine;
- B2.8 create, make, draw, accept, endorse, execute, issue, discount, buy, sell, negotiate and deal in bills, notes, warrants, coupons, debentures and other negotiable or transferable instruments;
- B2.9 guarantee, enter into any contract of indemnity or suretyship or provide security for the borrowings or performance of a third party as KCHT shall think fit PROVIDED THAT such actions are in accordance with KCHT’s charitable objects and are subject to such charitable trusts as may be required;

- B2.10 to insure and arrange insurance cover for KCHT from and against all such risks as the board may think fit and to pay any premium in respect of such insurance;
- B2.11 to insure and arrange insurance cover for and to indemnify its members, employees and voluntary workers from and against all such risks incurred in the proper performance of their duties as it shall consider appropriate and to pay any premium in relation to indemnity insurance in respect of liabilities of its board members, co-optees or any of them which would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in respect of KCHT PROVIDED THAT such insurance shall not extend to any liability in respect of an act or omission which such board member or board members, co-optee or co-optees knew was a breach of duty or trust or which was committed by such board member or board members, co-optee or co-optees recklessly without due regard as to whether such act or omission might be a breach of duty or trust;
- B2.12 to invest any monies of KCHT not immediately required for the furtherance of its objects in accordance with rule F18;
- B2.13 to purchase or otherwise acquire or to encourage or promote or in any way support or aid the establishment and development of any subsidiary or associated association or company established for the purposes of carrying on any trade or business either for the purpose of raising funds for KCHT or for the furtherance of the objects of KCHT;
- B2.14 to make donations, grants or loans or provide services or assistance to such persons and organisations and on such terms as KCHT shall think fit to further the objects of KCHT;
- B2.15 to do anything else within the law which promotes or helps to promote the objects.
- B3 KCHT shall not have power to receive money on deposit in any way which would require authorisation under the Financial Services and Markets Act 2000 or any other authority required by statute unless it has such authorisation

Powers of the board

- B4 The business of KCHT shall be directed by the board.
- B5 Apart from those powers which must be exercised in general meeting by statute or under these rules all the powers of KCHT may be exercised by the board for and in the name of KCHT.
- B6 The board shall have power to delegate, in writing, the exercise of any of its powers to committees and to employees of KCHT 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 KCHT in general meeting can only exercise the powers of KCHT expressly reserved to it by these rules or by statute.

General

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

PART C SHAREHOLDERS AND GENERAL MEETINGS

Obligations of shareholders

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

Nature of shares

- C2 KCHT's share capital shall be raised by the issue of shares. There are two types of shares that KCHT may issue:
- C2.1 Community shares; and/or
 - C2.2 Community investment shares.
- C3 The community shares shall be issued to a person or body in accordance with rule C17-C19 and subject to rules C20 and C21.
- C4 Each community share has a nominal value of one pound and shall carry no right to interest, dividend or bonus.
- C5 When a community shareholder ceases to be a shareholder or is expelled from KCHT, his or her share shall be cancelled. The amount paid up shall become the property of KCHT.
- C6 The community investment shares shall be issued to such persons and on such terms as the law allows and as the Board in its absolute discretion shall determine PROVIDED ALWAYS that such share issues shall be for the purpose of furthering the charitable objects of KCHT and shall carry no right to interest, dividend or bonus.
- C7 Each community investment shareholder shall be admitted as an associate member and such shareholders may apply to become community shareholders. Associate members do not have all the same rights as community shareholders. Associate members may attend general meetings as shareholders but do not have the right to vote. The total shareholding combined cannot exceed the maximum that the law allows.
- C8 The ability of a community investment shareholder to end their shareholding is governed by rules C28-C35.
- C9 Only shares held by the nominee of an unincorporated body (alone or jointly with other nominees) can be transferred and only to a new nominee (alone or jointly with other nominees).

Nature of shareholders

- C10 A shareholder of KCHT is a person or body whose name and address is entered in the register of shareholders. The register shall record whether the shareholder is a community shareholder and/or a community investment shareholder (as an associate member) with details of their shareholding. A shareholder may hold either or both types of shares.
- C11 Community representative board members, customer board members and community stakeholder shareholders shall all be community shareholders and be registered as such in the register of shareholders.
- C12 The following cannot be shareholders:
- C12.1 a minor;
 - C12.2 a person who has been expelled as a shareholder, unless authorised by special resolution at a general meeting;
 - C12.3 a personal representative on the death of the shareholder save for the ability to vest or realise the shareholding on behalf of the deceased's beneficiary;
 - C12.4 a trustee in bankruptcy or insolvency practitioner save for the ability to deal with any community investment shareholding.

- C13 A shareholder can be the nominee of an unincorporated body. In such cases the register shall contain the name and address of the shareholder, and shall designate the shareholder as the nominee of a named unincorporated body. The address of the unincorporated body shall also be entered in the register if it differs from the address of the shareholder nominee.
- C14 A corporate body can be a shareholder. It can appoint an individual to exercise its rights at general meetings and may remove or replace such person. Any such appointment, removal or replacement shall be in writing, and given to the secretary.
- C15 No shareholder shall hold more than one community share nor more community investment shares combined than the law allows.
- C16 A share cannot be held jointly unless by nominees of an unincorporated body.

Admission of community shareholders

- C17 The board shall set review and publish its policies and objectives for admitting new community shareholders. The board shall only admit new community shareholders in accordance with such policies.
- C18 An applicant for a community share shall apply in writing to KCHT's registered office, or such other place as may be selected by the board:
- C18.1 setting out their reasons for applying and their qualifications in accordance with KCHT's policies;
 - C18.2 stating whether they wish to be registered as a community representative shareholder, a community stakeholder shareholder or a customer shareholder; and
 - C18.3 pay the sum of one pound (which shall be returned to them if the application is not approved).
- C19 Every application shall be considered by the board in accordance with rule C17. The board has the power in its absolute discretion to accept or reject the application. If the application is approved the name of the applicant and the other necessary particulars shall be entered in the register of shareholders as a community shareholder. One community share in KCHT shall be issued to the applicant.

Ending of community shareholding

- C20 A community shareholder shall cease to be a community shareholder if:
- C20.1 they die; or
 - C20.2 they are expelled under rule C21; or
 - C20.3 they withdraw from KCHT by giving one month's notice to the secretary; or
 - C20.4 they do not participate in, nor deliver written apologies in advance to, a general meeting of KCHT in the period starting with one annual general meeting up to and including the next annual general meeting; or
 - C20.5 in the case of a body corporate it ceases to be a body corporate;
 - C20.6 in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body; or
 - C20.7 having been a board member, or member of a committee, they cease to be a board member, or member of a committee (unless the board in its absolute discretion resolves that they shall remain as a shareholder).

- C21 A community shareholder may only be expelled by a special resolution at a special general meeting called by the board.
- C21.1 The board must give the community shareholder at least one month's notice in writing of the general meeting and the purpose of it.
- C21.2 At the general meeting called for this purpose the shareholders shall consider the matter and the community shareholder may make representations. The meeting may take place even if the community shareholder does not attend.
- C21.3 If the resolution to expel the community shareholder is passed in accordance with this rule, the shareholder shall immediately cease to be a community shareholder.

Admission of community investment shareholders

- C22 The Board shall determine when and how to issue community investment shares in accordance with any policy it derives on the same, but shall not offer any right to interest, dividend or bonus in connection with the same.
- C23 The Board shall set the terms on which community investment shares may be issued.
- C24 A person, incorporated body or nominee of an unincorporated association shall become a community investment shareholder upon KCHT providing a share certificate in respect of the shares issued. At that time the community investment shareholders' details shall be entered into KCHT's register of shareholders.
- C25 A community investment share may be held jointly.
- C26 KCHT will send correspondence, notices and the share certificate only to the first person named in KCHT's register of shareholders, unless that person gives KCHT different written instructions.
- C27 A community investment share cannot be sold or transferred to any other person.

Ending of a community investment shareholding

- C28 Subject to rules C31-C35 a community investment shareholder may withdraw their community investment shares. In the case of joint shareholders all of them must sign an application to withdraw the share unless KCHT has previously received written notification of a different arrangement.
- C29 A community investment shareholder may surrender all their shares and end their shareholding. On surrender KCHT may (but does not have to) pay some or all of the money paid for the shares.
- C30 A community investment shareholder's right to withdraw their share(s) may be suspended in whole or in part by KCHT in accordance with rules C36-C40.

Terms and method of withdrawal of community investment shares

- C31 The board will set the terms of the notice period for withdrawal but where no notice period has been given it shall be 180 days subject to rule C33 to C35.
- C32 A withdrawal notice can be served on or any time after the third anniversary of the community investment shares being issued or such other period as the board sets at the time of issue.
- C33 All withdrawals shall be in the order in which the notices are received by KCHT.
- C34 When community investment shareholders apply to withdraw their shares they will need to:
- C34.1 complete a withdrawal notice (as set out by KCHT board);
- C34.2 comply with any procedures KCHT's board may set; and
- C34.3 produce evidence of identity.

Reduction in value of community investment shares and/or suspension of right of withdrawal

- C35 KCHT may reduce the value of the community investment shares and/or suspend the right of withdrawal but will only do so where KCHT's liabilities (plus issued share capital) become more than KCHT's assets. This shall be determined by the Board after having taken appropriate financial advice and having obtained a financial report from a suitably qualified accountant or auditors.

Death of community investment shareholder

- C36 On the death of a community investment shareholder holding a share in their own name but not exceeding the value of £5,000, KCHT will do one of the following:
- C36.1 transfer the community investment shares to the registered nominee; or
 - C36.2 in the absence of a registered nominee, transfer the community investment shares to a personal representative who has proof of the grant of probate or letters of administration; or
 - C36.3 in the absence of a registered nominee or personal representative as described in C36.1 and C36.2 above, KCHT may transfer the shares to the person who seems to KCHT (acting in its absolute discretion) to have a legal right to the community investment shares
- C37 On the death of a community investment shareholder holding a share in their own name where the value exceeds £5,000, rule C36 will apply to the first £5,000 worth of shares but thereafter whether or not there is a nominee, KCHT will transfer the remaining shares to the personal representative upon proof of the grant of probate or letters of administration.
- C38 In the case of joint shareholders, rules C36-C40 will not apply and unless the joint shareholders have given KCHT written instructions to the contrary KCHT will treat the surviving owner (or owners) as the only owner of that share and register that person's name in place of the deceased.
- C39 After KCT has transferred the deceased's community investment share to their personal representative, the personal representative may apply to withdraw the share but cannot exercise any other membership rights for that share.
- C40 Any person other than a personal representative or trustee in bankruptcy to whom shares are transferred under rules C36-C40 will have all the shareholding rights previously enjoyed by the community investment shareholder. The total combined shareholding for such a person must not exceed the maximum value allowed by law.

Bankruptcy and/or mental incapacity of a community investment shareholder

- C41 Where KCHT receive written proof that a community investment shareholder is mentally incapacitated and/or bankrupt the appropriate guardian and/or the trustee of the estate (as appropriate) may apply to withdraw their share. The guardian/trustee cannot exercise any other shareholding rights for that share.
- C42 Where KCHT receives written proof that a joint community investment shareholder is mentally incapacitated and/or bankrupt, KCHT will substitute the interest of the guardian/trustee of their estate for the name of that joint shareholder and substitute the guardian/trustee as the last named person of the joint holders of that share. KCHT will automatically cancel any written instructions that vary the effect of rules.

Annual general meeting

- C43 KCHT shall hold a general meeting called the annual general meeting within six calendar months after the close of each of its financial years.
- C44 The functions of the annual general meeting shall be:
- C44.1 to receive the annual report which shall contain:
- the revenue accounts and balance sheets for the last accounting period
 - the auditor's report (if one is required by law) on those accounts and balance sheets
 - the board's report on the affairs of KCHT
 - the board's statement of the values and objectives of KCHT
- C44.2 to appoint the auditor (if one is required by law);
- C44.3 to elect board members if applicable; and
- C44.4 to transact any other general business of KCHT set out in the notice convening the meeting including any business that requires a special resolution.

Special general meetings

- C45 All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- C45.1 upon an order of the board; or
- C45.2 upon a written requisition signed by one-tenth of the community shareholders (to a maximum of twenty-five but not less than three) stating the business for which the meeting is to be convened;
- C45.3 if within twenty-eight days after delivery of a requisition to the secretary a meeting is not convened, the members who have signed the requisition may convene a meeting.
- C46 A special general meeting shall not transact any business that is not set out in the notice convening the meeting.

Calling a general meeting

- C47 All general meetings shall be convened by at least fourteen clear days' written notice (or with the consent of three quarters of all community shareholders, such other period of written notice as the community shareholders agree) posted or delivered or sent by fax or email to every shareholder at the address fax number or email address given in the share register. The notice shall state whether the meeting is an annual or special general meeting, the time, date and place of the meeting, and the business for which it is convened. Notice shall be sent to all shareholders, all of whom may attend and speak but shareholders who are registered as associate members only cannot vote.
- C48 Any accidental failure to get any notice to any shareholder, shall not invalidate the proceedings at that general meeting. A notice or communication sent by post to a shareholder at their address shown in the register of shareholders shall be deemed to have arrived two days after being posted.

Proceedings at general meetings

- C49 Before any general meeting can start its business there must be a quorum present. A quorum is one-tenth of all community shareholders with a minimum number of five and must include a majority of community representative shareholders. As part of the quorum at least two shareholders must be present in person.
- C50 A meeting held as a result of a community shareholder's requisition will be dissolved if too few community representative shareholders are present half an hour after the meeting should begin.
- C51 All other general meetings with too few community shareholders will be adjourned to the same day, at the same time and place in the following week. If too few community shareholders are present within half an hour of the time the adjourned meeting should have started, those shareholders present shall carry out the business of the meeting.
- C52 Both community shareholders and community investment shareholders may attend the meeting in person or by proxy and speak on any resolution. However only community shareholders may vote on any resolution.
- C53 The chair of any general meeting can:
- C53.1 take the business of the meeting in any order that the chair may decide; and
 - C53.2 adjourn the meeting if the majority of the community shareholders present in person or by proxy agree. An adjourned meeting can only deal with matters adjourned from the original meeting. An adjourned meeting is a continuation of the original meeting. The date of all resolutions passed is the date they were passed (as opposed to the date of the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.
- C54 At all general meetings of KCHT 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 shareholders present shall elect a shareholder to chair the meeting. The person elected shall be a member of the board if one is present and willing to act.

Proxies

- C55 A proxy can be appointed by delivering a written appointment, which may be by way of electronic communication, to the registered office, or such other place as may be selected by the board and stated in the meeting notice, at least 48 hours before the date of the meeting at which the proxy is authorised to vote. It must be signed or confirmed by electronic communication and sent by the community 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 KCHT.

Voting

- C56 Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed, be decided upon a show of hands.
- C57 On a show of hands every community shareholder present in person or by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.
- C58 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 minutes of the proceedings of KCHT, shall be conclusive evidence of that fact.

- C59 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.
- C60 A ballot on a resolution may be demanded by any three community shareholders at a meeting (in person or by proxy) or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote on the show of hands, and in that case the resolution shall be decided by the ballot. 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 KCHT in general meeting.
- C61 Where there are no customer shareholders in the register of shareholders, on a ballot held at a general, annual or special meeting, the community shareholders present in person or by proxy shall have the following percentage of votes cast:
- the community representative shareholders: 60% apportioned equally between those community representative shareholders; and
 - the community stakeholder shareholders: 40% apportioned equally between those community stakeholder shareholders.
- C62 Where there are customer, community representative and community stakeholder shareholders in the register of shareholders on any ballot held at a general, annual or special meeting the community shareholders present in person or by proxy shall have the following percentage of the votes cast:
- the customer shareholders: 33 $\frac{1}{3}$ % apportioned equally between those customer shareholders;
 - the community representative shareholders: 33 $\frac{1}{3}$ % apportioned equally between those community representative shareholders; and
 - the community stakeholder shareholders: 33 $\frac{1}{3}$ % apportioned equally between those community stakeholder shareholders.
- C63 Where there are no community stakeholders in the register of shareholders, on a ballot held at any general, annual or special meeting the community shareholders present in person or by proxy shall have the following percentage of votes cast:
- the community representatives: 60% apportioned equally between those community representatives; and
 - the customer shareholders: 40% apportioned equally between those customer shareholders
- C64 Where there are no community stakeholder shareholders and customer shareholders, the community representative shareholders shall be entitled to vote on any ballot held at a general, annual or special meeting.
- C65 A resolution in writing sent to all the community shareholders by post, fax and/or email or delivered by hand and signed by at least three quarters of the community shareholders shall be as valid and effective as if it had been passed at a general meeting duly convened and held and may consist of several documents in the like form each signed or sent by or on behalf of one or more shareholder.

PART D THE BOARD

Functions

- D1 KCHT shall have a board (in these rules referred to as "the board") which shall direct the affairs of KCHT in accordance with its objects and rules and ensure that its functions are properly performed. Amongst its functions shall be to:
- D1.1 define and ensure compliance with the values and objectives of KCHT and ensure these are set out in each annual report;
 - D1.2 establish policies and plans to achieve those objectives;
 - D1.3 approve each year's accounts prior to publication and approve each year's budget;
 - D1.4 establish and oversee a framework of delegation and systems of control;
 - D1.5 agree policies on all matters that create significant financial risk to KCHT or which affect material issues of principle;
 - D1.6 monitor KCHT's performance in relation to these plans, budget, controls and decisions;
 - D1.7 appoint (and if necessary remove) the chief executive (if any);
 - D1.8 satisfy itself that KCHT's affairs are conducted in accordance with generally accepted standards of performance and propriety; and
 - D1.9 decide whether to issue community investment shares and the terms on which they are issued;
 - D1.10 decide whether to issue community bonds and the terms on which they are issued;
 - D1.11 determine the procedures and forms to be used for persons applying for community investment shares and for the minimum allowable shareholding;
 - D1.12 decide whether to set up a Reserve Fund;
 - D1.13 designate funds to Special Purpose or General Purpose;
 - D1.14 take appropriate advice.

Composition of the board

- D2 The board shall consist of seven board members, or of such greater number not exceeding twelve (excluding co-optees) as may be determined by the first board members before the first annual general meeting and thereafter by KCHT in general meeting. The board shall initially consist of community representative shareholders and nominees of community stakeholder shareholders in such proportion as the board shall determine. Once KCHT has built and let properties to eligible beneficiaries the Board may allow customer board members in such numbers as the board shall determine but never so that they constitute more than a third of the board. If the number of board members falls below that number the remaining board members may, subject to rule D17.2, continue to act.
- D3 Except for co-optees only shareholders can be board members.
- D4
- D4.1 The board shall in its annual report set out the obligations of every board member to the board and to KCHT. The board shall review and may amend the obligations of board members from time to time.
 - D4.2 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 KCHT. The board may vary the form of statement from time to time.

- D4.3 Any board member who has not signed such statement without good cause within one month of election or appointment to the board shall immediately cease to be a board member.
- D5 The board may appoint co-optees to serve on the board on such terms as the board resolves and may remove such co-optees. A co-optee may act in all respects as a board member, but they shall not have a vote.
- D6 For the purposes of these rules and of the Act a co-optee is not included in the expression "board member" or "member of the board".
- D7 Not more than three co-optees can be appointed to the board or to any committee at any one time.
- D8 No one can become or remain a board member at any time if:
- D8.1 they are disqualified from acting as a director of a company for any reason; or
- D8.2 they have been convicted of an indictable offence within the last five years; or
- D8.3 they are not a shareholder (unless they are a co-optee or employee of KCHT or any other body whose accounts must be consolidated with those of KCHT); or]
- D8.4 they have absented themselves from four consecutive meetings of the board without special leave of absence from the board;
- and any board member who at any time ceases to qualify under this rule shall immediately cease to be a board member.

Removal from the board

- D9 A board member may be removed from the board
- D9.1 by a special resolution at a general meeting; or
- D9.2 by a resolution passed by three quarters of the board present provided that at least fourteen days notice of the proposed resolution has been given to all board members including the board member in question and that board member is allowed to attend the board meeting and speak thereon if they wish.
- D10 Whenever the number of board members and co-optees is less than permitted by these rules, the board may appoint a further board member in addition to the board's power to co-opt. Any board member so appointed shall retire at the next annual general meeting.

Election to the board

- D11 In every notice for an annual general meeting the board shall set out its requirements for the skills, qualities and experience which it needs from its board members. The notice shall state the extent to which those requirements are met by those board members continuing in office, and those retiring and intending to re-offer themselves for election. In doing so the board shall also have regard to the constituent groups as it considers appropriate and practical to do so.
- D12
- D12.1 At every annual general meeting not less than one third of the board members shall retire from office.
- D12.2 Board members forming the retiring third shall be those who have been longest in office since they were last elected or re-elected to the board. If the choice is between people who became board members on the same day those to retire shall be chosen by lot if not agreed.
- D12.3 Anybody appointed to fill a casual vacancy under rule D10 during the year and who retires for that reason shall not count towards the one third to retire.
- D13 If at an annual general meeting, the candidates for election as board members do not exceed the number of vacancies on the board the chair shall declare those candidates to have been duly elected. If the number of candidates exceed the number of vacancies the

community shareholders shall elect the board members by ballot in such a manner as the chair directs.

- D14 In an election at a general meeting every community shareholder present in person or by proxy shall have one vote for every vacancy but shall not give more than one vote to any one candidate.
- D15 In casting their votes in an election, community shareholders shall endeavour to ensure that the board possesses the quality, skills and experience which KCHT has from time to time determined that it requires.

Candidates for the board

D16

- D16.1 Any candidate for election to the board shall submit a written statement to KCHT in such form as the board from time to time determines. It shall set out the candidate's full name, address, and occupation, and the reasons for their suitability to be a board member.
- D16.2 In addition a candidate who is not retiring as a board member must be nominated in writing by another shareholder.
- D16.3 The statement and nomination shall be delivered to the registered office, or such other place as may be selected by the board and stated in the meeting notice, at least 72 hours before the meeting at which the vacancies on the board are to be filled.

Quorum for the board

D17

- D17.1 Three board members, or half of the board (whichever is lower) shall form a quorum. The board may determine a higher number.
- D17.2 If the number and make up of board members falls below the number and make up necessary for a quorum, the remaining board members may continue to act as the board for a maximum period of six months and the provisions of D17.1 shall be suspended for that time. At the end of that time the only power that the board may exercise shall be to call a general meeting of KCHT to bring the number and make up of board members up to that required by these rules.

Board members' interests

D18 No board member, co-optee or member of a committee shall have any financial interest:

- D18.1 personally; or
- D18.2 as a member of a firm; or
- D18.3 as a director or other officer of a business trading for profit; or
- D18.4 in any other way whatsoever

in any contract or other transaction with KCHT, unless it is either:

- (i) expressly permitted by these rules; or
- (ii) not prohibited under any relevant legislation; and
- (iii) at the relevant time, is made in accordance with KCHT's code of governance and any policy relating thereto.

D19 KCHT shall not pay or grant any benefit to anyone who is a board member or a co-optee or a member of a committee, unless it is either:

- (i) expressly permitted by these rules; or
- (ii) not prohibited under any relevant legislation; and

- (iii) at the relevant time, is made in accordance with KCHT's code of governance and any policy relating thereto.
- D20 Any board member, co-optee or member of a committee, having an interest in any arrangement between KCHT and someone else shall disclose their interest, before the matter is discussed by the board or any committee. Unless it is expressly permitted by these rules they shall not remain present unless requested to do so by the board or committee, and they shall not have any vote on the matter in question. Any decision of the board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.
- D21 Every board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of all other bodies in which they have an interest as:
- D21.1 a director or officer; or
- D21.2 as a member of a firm; or
- D21.3 as an official or elected member of any statutory body; or
- D21.4 as the owner or controller of more than 2% of a company the shares in which are publicly quoted or more than 10% of any other company; or
- D21.5 as the occupier of any property owned or managed by KCHT; or
- D21.6 any other significant or material interest.
- D22 If requested by a majority of the board or members of a committee at a meeting convened specially for the purpose, a board member, co-optee or member of a committee failing to disclose an interest as required by these rules shall vacate their office either permanently or for a period of time.
- D23 KCHT may pay:
- D23.1 properly authorised expenses, when actually incurred on KCHT's business as shall be approved by the board from time to time to board members, co-optees and members of committees;
- D23.2 insurance premia in respect of insurance taken out to insure board members, officers and/or employees against any claim brought against them in respect of any act or omission which is or is alleged to be in breach of trust or in breach of duty.
- D24 A board member, co-optee or member of a committee shall not have an interest for the purpose of rules D18 as a board member, director, or officer of any other body whose accounts are or ought to be consolidated with KCHT's accounts.
- D25 Customer board members, co-optees or members of committees who are customers of KCHT shall not have an interest for the purpose of rule D18 in any decision affecting all or a substantial group of tenants.
- D26 The grant of a tenancy by KCHT to a board member, co-optee or member of a committee is not the grant of a benefit for the purpose of rule D18.

Board meetings

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

Management and delegation

- D29 The board may delegate any of its powers as set out in rule B6.
- D30 The membership of any committee shall be determined by the board. Every committee shall include one board member or co-optee to the board. The board will appoint the chair of any committee, specify the quorum and provide it with written terms of reference. The board may also provide further written instructions to any such committee from time to time.
- D31 All acts and proceedings of any committee shall be reported to the board.

Miscellaneous provisions

- D32 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.
- D33 A resolution in writing sent to all board members or all members of a committee and signed by three quarters of the board members or three quarters of the members of a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the board or committee.
- D34 Meetings of the board can take place in any manner which permits those attending to hear and comment on the proceedings.
- D35 A board member acting in good faith shall not be liable to KCHT for any loss.
- D36 Notice may be given to board members by post or fax or email at the last address for such communication given to the secretary. The accidental failure to give notice to a board member or the failure of the board member to receive such notice shall not invalidate the proceedings of the board.

PART E CHAIR, CHIEF EXECUTIVE, SECRETARY AND OTHER OFFICERS

The chair

- E1 KCHT shall have a chair, who shall also chair board meetings, and shall be elected by the board. In the case of any equality of votes at board meetings, the chair shall have the casting vote.
- E2 The chair on election shall hold office until the commencement of the first board meeting after the next annual general meeting of KCHT (or until the chair resigns as chair). The first item of business for any board meeting when there is no chair or the chair is not present shall be to elect the chair. The chair shall at all times be a shareholder and a board member and cannot be an employee.
- E3 The chair of KCHT may be removed at a board meeting called for the purpose provided the resolution is passed by at least two thirds of the members of the board at the meeting.

The chair's responsibilities

- E4 The chair shall seek to ensure that:
- E4.1 the board's business and KCHT's general meetings are conducted efficiently;
 - E4.2 all board members are given the opportunity to express their views;
 - E4.3 a constructive working relationship is established with, and support provided for the chief executive (if any);
 - E4.4 the board delegates sufficient authority to its committees, the chair, the chief executive (if any), and others to enable the business of KCHT to be carried on effectively between board meetings;
 - E4.5 the board receives professional advice when it is needed;
 - E4.6 KCHT is represented as required; and
 - E4.7 KCHT's affairs are conducted in accordance with generally accepted codes of performance and propriety.
- E5 The chair shall seek to ensure that there is a written statement of the chair's responsibilities which shall be agreed with the board, and reviewed from time to time.

The chief executive

- E6 KCHT may have a chief executive appointed by the board on a written contract of employment, which shall include a clear statement of his or her duties

The secretary

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

Other officers

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

Miscellaneous

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

PART F FINANCIAL CONTROL AND AUDIT

Auditor

- F1 KCHT if required by law to do so shall appoint an auditor to act in each financial year. They must be qualified as provided by Section 91 of the Act.
- F2 The following cannot act as auditor:
- F2.1 an officer or employee of KCHT;
 - F2.2 a person employed by or employer of, or the partner of, an officer or employee of KCHT.
- F3 An auditor may be appointed by resolution at a general meeting, or by the Board.
- F4 KCHT's first auditor shall be appointed at a general meeting within three months of its registration or when first required by law to do so, whichever is the later. The board may make the appointment if no meeting is held within three months of the due date. The board may appoint an auditor to fill a casual vacancy.
- F5 Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current year's as well unless:
- F5.1 a general meeting has appointed someone else to act or has resolved that the auditor cannot act; or
 - F5.2 the auditor does not want to act and has told KCHT so in writing; or
 - F5.3 the person is not qualified or falls within rule F2 (above); or
 - F5.4 the auditor has become incapable of acting; or
 - F5.5 notice to appoint another auditor has been given.
- F6
- F6.1 Not less than twenty eight days' notice shall be given for a resolution to appoint another person as auditor, or to forbid a retiring auditor being re-appointed.
 - F6.2 KCHT shall send a copy of the resolution to the retiring auditor and also give notice to its shareholders at the same time and in the same manner, if possible.
 - F6.3 If not, KCHT shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to KCHT which must be notified to its Shareholders under Section 95 of the Act.

Auditor's duties

- F7 The findings of the auditor shall be reported to KCHT, in accordance with Section 87 of the Act.
- F8 The board shall produce the revenue account and balance sheet audited by the auditor, if required, and the auditor's report, if required, at each annual general meeting. The board shall also produce its report on the affairs of KCHT which shall be signed by the person chairing the meeting which adopts the report.

Accounting requirements

- F9 The end of the accounting year must be a date allowed by the Registrar.
- F10 KCHT shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 75 and 76 of the Act.
- F11 KCHT shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

Annual returns and balance sheets

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

Borrowing

- F13 The total borrowings of KCHT at any time shall not exceed £100 million (one hundred million pounds) or such a larger sum as KCHT determines from time to time in general meeting.
- F14 The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the board, is reasonable having regard to the terms of the loan. The board may delegate the determination of the said interest rate within specified limits to an officer, board member or a committee.
- F15
- F15.1 In respect of any proposed borrowing, for the purposes of rule F13, the amount remaining un-discharged of any deferred interest or index-linked monies previously borrowed by KCHT or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and
- F15.2 For the purposes of rule F13 in respect of any proposed borrowing intended to be on index-linked or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such proposed borrowing receivable by KCHT at the time of the proposed borrowing.

Derivative Transactions

- F16 In exercising its power under rule B2.4 KCHT shall comply with any regulatory requirements applicable to it at the relevant time, relating to the use of derivative transactions. A person entering into a derivative transaction with KCHT who has received a written certificate signed by the secretary confirming that KCHT is entering into such transaction for the purpose specified in rule B2.4 and confirming KCHT's compliance with any regulatory requirements shall not be concerned to enquire further as to the purpose for which KCHT is entering into the transaction, nor as to whether KCHT has complied with such requirements, and such transaction shall be valid at the date that it is entered into and throughout its term in favour of such person (or any assignee or successor in title) whether or not it was entered into for the purpose specified in Rule B2.4 and whether or not such regulatory requirements have been complied with.
- F17 For the purpose of rule B2.4 and this rule F16 "derivative transaction" means any transaction which is a forward, swap, future, option or other derivative transaction on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of these transactions.

Investment

- F18 The funds of KCHT may be invested by the board in such manner as it determines.

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

G1 KCHT's registered office is:

Oglethorpe & Broatch Solicitors
6 Borrowdale Road
Keswick
Cumbria CA12 5DB

G2 KCHT'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:

- KCHT and a board member; or
- KCHT and a shareholder; or
- KCHT and a person claiming to be a shareholder; or
- KCHT and a person who was a shareholder in the last six months.

G3.2 Alternatively, if KCHT and the other party agree, such dispute can be resolved by an arbitrator appointed by them or by the National Housing Federation if both parties to the dispute agree. If they do not agree the dispute shall be dealt with in the County Court.

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

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

Minutes, seal, registers and books

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

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

- G6 KCHT must keep at its registered office:
- G6.1 the register of shareholders showing:
- the names and addresses of all the shareholders; and
 - a statement of all the shares held by each board member (split between community shares and community investment shares) and the amount paid for them; and
 - a statement of other property in KCHT held by the shareholder; and
 - the date that each shareholder was entered in the register of shareholders.
- G6.2 a duplicate register of shareholders showing the names and addresses of shareholders and the date they became shareholders
- G6.3 a register of the names and addresses of the officers, their offices and the dates on which they assumed those offices as well as a duplicate.
- G6.4 a register of holders of any loan.
- G6.5 a register of mortgages and charges on land.
- G6.6 a copy of the rules of KCHT.
- G7 KCHT must display a copy of its latest balance sheet and auditors report (if one is required by law) at its registered office
- G8 KCHT shall give to all shareholders on request copies of its last annual return with the auditor's report (if one is required by law) on the accounts contained in the return, free of charge.
- G9 The secretary shall give a copy of the rules of KCHT to any person on demand who pays such reasonable sum as permitted by law.

Statutory applications to the FSA

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

Amendment of rules

- G12
- G12.1 KCHT's rules may be rescinded or amended, but not so as to stop KCHT being a charity.
- G12.2 The rules may only be amended by a resolution put before the general meeting by the board and approved by at least two thirds of the board.
- G12.3 Rules can only be amended or rescinded by three fourths of the votes cast at a general meeting.
- G12.4 Amended rules shall be registered with the Registrar as soon as possible after the amendment has been made. An amended rule is not valid until it is registered.

Dissolution

G13 KCHT may be dissolved by a three fourths majority of community shareholders who sign an instrument of dissolution in the form prescribed by Treasury Regulations; or by winding-up under the Act.

G14

G14.1 Any property that remains, after KCHT is wound-up or dissolved and all debts and liabilities dealt with, the shareholders may resolve to give or transfer to another charitable body with objects similar to that of KCHT.

G14.2 If no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust.

G14.3 If KCHT is registered as a provider of social housing with the Regulator any transfer or gift must be in compliance with the Housing and Regeneration Act 2008 or any other relevant legal and regulatory provision which exists from time to time.

Interpretation of terms

G15 In these rules, including this rule, unless the subject matter or context are inconsistent:-

G15.1 words importing the singular or plural shall include the plural and singular respectively;

G15.2 words importing gender shall include the male and female genders;

G15.3 any reference to an Act shall include any amendment or re-enactment from time to time;

G15.4 "amendment of rules" shall include the making of a new rule and the rescission of a rule, and "amended" in relation to rules shall be construed accordingly;

G15.5 "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 D5;

G15.6 "community investment shares" means shares that are withdrawable and a community investment shareholder shall be admitted as an associate member under Rule C10;

G15.7 "Community Land Trust" shall have the same definition as contained in section 79 of the Housing and Regeneration Act 2008;

G15.8 "community representative" is a person who lives, works or has an interest in the area of benefit but is not a customer or an executive officer of a community stakeholder;

G15.9 "community representative board member" means a board member who is a community representative;

G15.10 "community shareholder" means a shareholder of KCHT and registered under one of the following three constituencies (i) community stakeholder, (ii) community representative or (iii) customer. No shareholder may be registered under more than one constituent group;

G15.11 "community stakeholder" means a corporate body or unincorporated association that operates or has an interest in the area of benefit;

G15.12 "community stakeholder board member" means a board member who is appointed pursuant to rule D2;

G15.13 "customer means a person who alone or jointly with others holds a tenancy lease or licence to occupy one of the KCHT's premises for residential use;

G15.14 "customer board member" means a person who is a customer and is appointed to the board;

- G15.15 “KCHT” shall mean Keswick Community Housing Trust Limited of which these are the registered rules;
- G15.16 "officer" shall include the chair and secretary of KCHT and any board member for the time being and such other persons as the board may appoint under rule E8;
- G15.17 "persons claiming through a shareholder" shall include their personal representatives and also their nominees where a nomination has been made;
- G15.18 "property" shall include all real and personal estate (including loan stock certificates, books and papers);
- G15.19 "register of shareholders" means the register kept in accordance with rule G6.1;
- G15.20 “Registrar” means the Financial Conduct Authority or any statutory successor to or any assignee of any or all of its relevant functions from time to time;
- G15.21 “Regulator” means the Homes and Communities Agency acting through its Regulation Committee established pursuant to the Housing and Regeneration Act 2008 or any future body or authority (including any statutory successor) carrying on similar regulatory functions;
- G15.22 "secretary" means the officer appointed by the board to be the secretary of KCHT or other person authorised by the board to act as the secretary's deputy;
- G15.23 "shareholder" shall mean a community shareholder and/or a community investment shareholder as appropriate
- G15.24 “shareholder” shall mean the two classes of members referred to in Rule C10 and means “member” as defined by the Act;
- G15.25 “social housing” shall have the same meaning as sections 68-70 of the Housing and Regeneration Act 2008;
- G15.26 "tenant" means a person who alone or jointly with others hold a tenancy, lease or licence to occupy KCHT’s premises for residential use or the premises of any body whose accounts must be consolidated with KCHT;
- G15.27 "the Act" shall mean the Co-operative and Community Benefit Societies Acts 2014;
- G15.28 "these rules" shall mean the registered rules of KCHT for the time being;
- G15.29 references to any provision in any Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision.

**CO-OPERATIVE AND COMMUNITY BENEFITS SOCIETIES ACT
2014**

Acknowledgement of Amendment to Rules of Society

Register No...31141R

KESWICK COMMUNITY HOUSING TRUST Limited

registered under the Co-operative and Community Benefits Societies Act 2014.

Dated (Seal of Central Office)

Copy kept **Financial Conduct Authority**

1. Shareholder

2. Shareholder

3. Shareholder

..... Secretary