

## **Co-operative and Community Benefit Societies Act 2014**

### *Registration of new society*

The following society has today been registered by us under Co-operative and Community Benefit Societies Act 2014 as a Co-operative Society:

Society: **Mara's Housing Co-operative Limited**

Registration number: **5321**

Registration date: 3 March 2025

Address: Aberdeen Social Centre, 22a Adelphi, Aberdeen, AB11 5BL

Financial year-end date: 31 December

Date: **03 March 2025**



Register No:

Radical Routes Ltd

A national secondary co-operative

# The FULLY MUTUAL & COMMON-OWNERSHIP RULES OF

Mara's Housing Co-operative Limited

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

MODEL: RRFM14

Published by  
Radical Routes Ltd

*Primary Rules of Mara's Housing Co-operative Ltd*

# International Co-operative Alliance

## Statement on the Co-operative Identity

### Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

### Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

### Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

#### **1<sup>st</sup> Principle: 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<sup>nd</sup> Principle: Democratic Member Control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. People\* 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 also organised in a democratic manner.

#### **3<sup>rd</sup> Principle: 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. Members 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 their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

#### **4<sup>th</sup> Principle: 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<sup>th</sup> Principle: 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 the co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

#### **6<sup>th</sup> Principle: 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<sup>th</sup> Principle: Concern for Community**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

# Part 1: General Powers and Objects

## 1. NAME AND STATUS

(a) The name of the society shall be

Mara's Housing Co-operative Limited

(referred to in these Rules as the Co-operative).

(b) The Co-operative shall be a bona fide co-operative within the meaning of section 2 of the Co-operative and Community Benefit Societies Act 2014. By virtue of its registration under that Act, the liability of its members shall be limited to the extent of their shareholding.

## 2. OBJECTS

The Objects of the Co-operative shall be as provided below. In carrying out these objects, the Co-operative shall work towards the elimination of discrimination based on race, ethnic origin, nationality, gender, disability, sexuality, age, class, appearance, religion, responsibility for dependants, unrelated criminal convictions, a person's HIV status or any other matter which causes any person to be treated with injustice.

SAVE, where it is provided for in these Objects that the aims of the Co-operative are to provide benefits to members of a particular community which faces discrimination, the Co-operative shall not exclude members based on any other form of discrimination.

- (a) The provision, construction, conversion, improvement, or management of accommodation exclusively for letting to members of the Co-operative under the terms of a tenancy or lease, which:
  - i. if a tenancy is granted to them by the Co-operative it shall exclude all rights for the members to assign the tenancy to any person other than the Co-operative (or a member of the Co-operative) and shall require the members to surrender or assign the tenancy to the Co-operative (or a member of the Co-operative) on their ceasing to be members, or
  - ii. if a lease for residential accommodation, shall provide that each lessee, whether individual or joint, shall apply for membership of the co-operative and, if accepted, remain a member until they give up the lease; and that any lessee who ceases to be a member for any reason must, as soon as reasonably possible, assign the lease to the Co-operative.
- (b) The provision and improvement of land, buildings, amenities, or services for the benefit of the members, either exclusively or in conjunction with other persons.
- (c) The provision of accommodation management services to members of the Co-operative, where the accommodation is the subject of a management agreement under which the Co-operative is acting as managing agent for a landlord.
- (d) All management, provision and improvement, or other matters under these objectives shall take place in line with the Co-operative Principles.

### **3. POWERS**

The co-operative shall have the power to do all things

- (a) necessary or expedient for the fulfilment of its objects; and
- (b) for the support and development of bodies which are
  - i. concerned with the provision and management of co-operative accommodation; or
  - ii. with the promotion of co-operatives; or
  - iii. which have objects supported by the Co-operative.

### **4. TRADING**

The Co-operative shall not trade for profit.

### **5. REGISTERED OFFICE**

The registered office of the Co-operative shall be at

Aberdeen Social Centre, 22a Adelphi

Aberdeen, AB11 5BL

The office may be changed only by resolution of a general meeting. Notice of any change shall be sent to the Authority within fourteen days of such change.

### **6. SHARE CAPITAL**

- (a) The share capital of the Co-operative shall consist of shares of the nominal value of £1 each issued to members of the Co-operative upon admission to membership.
- (b) Shares shall be neither withdrawable nor transferable, shall carry no right to interest, dividend or bonus, and shall be forfeited and cancelled upon cessation of membership from whatever cause and the amount paid up thereon shall become the property of the Co-operative.

## **Part 2: Membership**

### **7. MEMBERSHIP**

- (a) The members of the Co-operative shall be (subject to Section 10: Cessation of Membership) all those who have been accepted as full member (that is, other than as a probationary member) by a General Meeting. All members under this Rule shall be considered full members of the Co-operative with all the benefits and responsibilities that brings.

*(b) Register of Members*

- i. The details of all members shall be added into the Register of Members (Rule 24).

*(c) Conditions on Members*

- i. Only persons aged 16 or over are eligible to become members.
- ii. All tenants of the Co-operative must be members and all members must be tenants or prospective tenants of the Co-operative.
- iii. No individual who is not intended to be housed by the Co-operative or does not intend to take up residency in a property controlled or managed by the Co-operative shall be considered a *bona fide* member.
- iv. All unhoused members shall be required to reapply for membership if they have not been housed by the Co-operative within two years after being accepted as a member (or such period as may be set down by General Meeting, save that such time may not be indefinite).
- v. A member shall hold only one share in the Co-operative. Shares shall not be held jointly.
- vi. Acceptance, rejection or removal of membership can be decided only by a General Meeting.
- vii. Any application for membership shall be considered under the procedure laid down from time to time by General Meeting. If an application is approved, the Co-operative will issue the applicant with one share upon payment of £1.

## **8. PROBATIONARY MEMBERSHIP**

The society may accept individuals as tenants for a probationary period subject to the following provisions:

- (a) Probationary Members are members who have been accepted as such by a general meeting on the basis that they are subject to the conditions set out in (b) to (f) for a limited period of time, the 'probationary period'. In all other issues they shall have the status as full members including tenancy.
- (b) At the end of the probationary period a decision shall be made at the next general meeting as to whether the probationary member shall continue to full, unfettered membership, or that membership and with it the right to tenancy shall be rescinded, subject to the following:
  - i. The period of tenancy permitted under probationary membership shall be a fixed period not exceeding one year, as set out from time to time by the General Meeting, and provided there is no discrimination between different applicants. This set period of residential probation can be extended provided
    - (1) there is mutual agreement between the parties;
    - (2) the total period of residency does not exceed one year.
  - ii. Where probationary membership has been granted in the absence of an agreed probationary membership period, the length of residency before a decision on membership shall not exceed six months.

- (c) The probationary member agrees to abide by other conditions set out by the Co-operative regarding probationary membership and any joining procedure.
- (d) The Co-operative may set down from time to time other conditions on the process of transferring from probationary membership to full membership, and may choose, at a general meeting, to waive conditions that have not been fulfilled.
- (e) Fulfilment of the conditions set down under (d) shall not prevent the Co-operative from refusing full membership on the basis of other considerations not set out during the process.
- (f) The Co-operative may set down from time to time conditions under which the probationary period may be terminated early by decision of a General Meeting. The probationary member may terminate the probationary period with one months notice.

## **9. NON-RESIDENTIAL OCCUPATION**

- (a) Subject to the Co-operative's Objects on housing, the Co-operative may enter into license or lease agreements, with individuals, organisations or bodies corporate, to occupy part of the property of the Co-operative for purposes other than residency.
- (b) Any licence or lease granted under this section must preclude the licensee or lessee from taking up residency or granting it to another. No licensee or lessee may sub-licence or sublease the property of the Co-operative without the express permission of the Co-operative. A breach of this clause may be deemed sufficient grounds for termination of the licence or lease.
- (c) Subject to (i) to (iv) below, the General Meeting is empowered to decide from time to time the right that licensees and lessees have to participate in decision making by the Co-operative, including voting rights.
  - i. No more than one individual can represent a given licence to occupy. Where a member of the Co-operative is acting as a representative of a licensee or lessee they shall not acquire any extra decision-making powers (including those of extra voting rights).
  - ii. No more than one quarter of those with decision-making powers at any General Meeting are licensees or lessees or their representatives. For the avoidance of doubt, any member who is also a representative shall a) be considered a member for the purposes of quoracy, and b) have only one vote.
  - iii. The licensee or lessee, or their representative, who is not a member of the Co-operative, does not have a right to vote on any issue relating to its own licence, the tenancy of any full or probationary member, the dissolution of the Co-operative or any sale or purchase of the Co-operative's property.
  - iv. Licensees or lessees, who are not members of the Co-operative, but who are invited or required to attend General Meetings shall not count towards quoracy

## **10. CESSATION OF MEMBERSHIP**

- (a) A member shall cease to be a member if:

- i. they die; or
  - ii. they resign either by writing to the Secretary or in person at a General Meeting; or
  - iii. they are expelled from membership by a Special General Meeting (as per Rules 12 and 25).
  - iv. they are prospective tenants and have either:
    - (1) notified the Co-operative that they no longer require accommodation;
    - (2) failed to respond in writing within 28 days to a written or emailed request, sent to their address in the Register of Members, to confirm that they still require accommodation; or
    - (3) entered into a long leasehold agreement with a landlord other than the Co-operative.
  - v. they have purchased a property which they are capable of using as their residence.
- (b) At the discretion of a General Meeting of the Co-operative, membership can be considered to have ceased if:
- i. the member ceases to occupy the accommodation provided or managed by the Co-operative for a period of six months; or
  - ii. the member's tenancy or lease is terminated. They shall cease to be members 28 days later, unless by that time they have either entered into a new tenancy or lease with the Co-operative or have been accepted as a prospective tenant.
  - iii. The service requirements of General Meetings as set out in Rule 13(b) shall serve as adequate notice to the individual affected at (i) and (ii). The Secretary or an appropriate member appointed by the Co-operative shall notify in writing the individual that their membership has been withdrawn within seven days of the General Meeting. Once notified, the individual has fourteen days in which to lodge an appeal with the Co-operative, which must be considered by a General Meeting. At all times the Co-operative shall act in good faith.
- (c) In the situation where membership drops below three individuals, the remaining members of the Co-operative shall, if deemed necessary and for the purposes of resolving this situation, have the power to co-opt societies registered under the Act as members, if these societies are either:
- (1) bona fide, fully mutual housing co-operatives; or
  - (2) secondary co-operatives that include housing co-operatives in their membership; or
  - (3) worker co-operatives, whose objects include providing consultation and support for co-operatives

Co-opted members must appoint one or more representatives to carry out their decision making rights in the Co-operative. The membership of any co-opted societies must cease no later than 6 months after the membership of the Co-operative has risen to at least three individuals.



## **11. IN EVENT OF DEATH OF A MEMBER**

- (a) A member may, in accordance with the Act, nominate a person or persons to whom any of their property held by the Co-operative, other than share capital, shall be transferred at their death.
- (b) Upon a claim being made to any property held by the Co-operative by the personal representatives of a deceased member or the trustees in bankruptcy or a bankrupt member; the Co-operative shall pay or transfer any property to which the representative or trustee has become entitled.

## **12. EXPULSION**

- (a) Expulsion of a full member may only take place at Special General Meeting; Probationary members may have their membership rescinded at a General Meeting. In the event of a dispute or gross misconduct, the powers to expel shall be subject to the procedures set out in Rule 25.
- (b) Any person who has been expelled may be re-admitted provided they go through the joining process required by the Co-operative, or other criteria as may be set down by the General Meeting from time to time.

# **Part 3: Governance**

## **13. GENERAL MEETINGS**

Governance of the Co-operative shall take place by General Meeting only. There shall be no power under these Rules to establish a separate committee of management. Appointment and removal to the General Meeting is determined by the membership admissions policy. The General Meeting has the power to appoint, replace and remove individuals, members or groups of members delegated to exercise certain powers on behalf of the Co-operative.

- (a) General Meetings of the Co-operative should be attended by all members; and all members present shall be entitled to speak, participate in decision-making and, where needed, vote.
- (b) Each member shall be given at least seven clear days' notice of the time and place of each general meeting and of the issues upon which decisions are to be taken. Notification will be deemed to have taken place if it was done through:
  - i. email or telephone call from another member of the Co-operative, including time and place of the meeting and the issues to be raised; or
  - ii. circulation of minutes of the previous General Meeting in which the date of the next meeting and any relevant issues to be discussed were noted; or
  - iii. an agenda, including time, date and place, being displayed on an official noticeboard seven days in advance; or
  - iv. a letter.

EXCEPT when ALL the members, and lessees/licensees with voting rights, of the Co-operative are present and there is unanimous agreement among them, in which case they are empowered to constitute a General Meeting at that point in time or at a specified time and place. This can include live participation via telephone and/or internet. For the purposes of clarity, this exemption does not apply to Special General Meetings.

- (c) A General Meeting shall be called by the Secretary in accordance with the Co-operative's rules or policies, or by not less than three members or one-tenth of the members of the Co-operative, whichever is the greater.
- (d) If a General Meeting has not occurred within a three month period any member shall be empowered to call such a meeting.
- (e) Special General Meetings of the Co-operative shall be conducted in the same manner as general meetings, except that they shall require twenty-eight clear days' notice to be given.

#### **14. QUORUM & DECISION MAKING POWERS**

- (a) The members of the Co-operative may establish meetings to discuss the day to day running of the co-operative, either as provided for by decisions at General Meetings, or on an ad hoc basis where necessary. These meetings will have a decision-making power, provided:
  - i. notice of the decisions is circulated;
  - ii. there is power for the decisions to be revisited or recalled and they do not contravene existing decisions as set down by General Meeting;
  - iii. where there is no such process established under (ii), any objection will require the decision-making to revert to a General Meeting (e.g. to be ratified at a general meeting);
- (b) Subject to (e), no business shall be transacted at any General Meeting unless one-third of the Co-operative's members or 3 of them, whichever is the greater, are present.
- (c) If no quorum is present within half an hour of the time appointed for the meeting, the meeting shall be adjourned. It shall reconvene on the same day in the next week at the same time and place, or such other time and place, as shall be agreed at the meeting and notified to the members. If at the reconvened meeting a quorum is not present within half an hour of the time appointed for the meeting the members present shall be a quorum, provided no fewer than three members are present.
- (d) If after eight weeks it has not been possible to call a General Meeting at which at least three people are present, a General Meeting may proceed on the basis of two people being in attendance. Any decision for action agreed upon shall require unanimity between them, and shall only be enforceable upon notification of decisions made being provided to those members not present.

For the purposes of clarity:

- i. This may include a decision to call a Special General Meeting to consider the expulsion of a member, or to otherwise invoke dispute resolution procedures.

- ii. No decision made shall interfere with a process of arbitration entered into or any subsequent request to go to arbitration as per Rule 25.
- iii. No issue as set out in (e) may be considered.

(e) The following issues are exempted from (a) and d(iii) and must only be considered at a General Meeting, subject to those Rules which require a Special General Meeting and to the clauses on quoracy:

- i. any issue of membership, including admittance and expulsion;
- ii. exclusion (Rule 25);
- iii. ratification of dispute resolution;
- iv. modification to property which would impact on the residency of a member;
- v. sale and purchase of land/property; save that any transfer or sale of assets that would amount to greater than 1/3 of existing Co-operative assets requires a special general meeting.
- vi. delegation of powers to direct investment;
- vii. election or recall of officer positions;
- viii. the binding of the Co-operative by contracts or loans;
- ix. any other issue which a General Meeting from time to time may agree should be reserved to it;
- x. any changes to the Secondary Policy Document or decisions of previous General Meetings.

In each of these matters, a decision in relation to them can only be considered to have been passed if a majority of members have consented to it, provided this includes no fewer than three members.

## **15. DECISION-MAKING PROCESSES**

- (a) The decision-making process in the Co-operative in any meeting constituted under Rules 13 (General Meetings) and 14 (Quorum & Decision Making Powers), shall primarily be carried out using consensus decision-making, following an appropriate method as set out by a previous decision at a General Meeting, or as chosen by the members present.
  - i. Any decision reached by consensus shall be considered to have been passed as if by voting.
  - ii. Any consensus decision-making process shall include the selection of a facilitator who shall for all other purposes have the power of a chair.
- (b) Any General Meeting may revert to the use of voting in order to decide an issue, provided the motion to go to voting is supported by no fewer than one third of those present, or two members, whichever is the greater. Where a motion to go to vote is carried, a chairperson shall be selected to ensure an orderly process of voting takes place. Any vote relating to matters governed by or change of these Rules, shall be

held over until the next General Meeting to allow members not in attendance to be present, or to provide a proxy vote in writing.

- i. If the vote is related to an officer position, the existing holder of the office shall remain in place until the matter is voted upon.
  - ii. Where the law provides explicitly for voting, such as amalgamation, transfer of engagements, conversion to a company, dissolution, or other matters which require a special resolution, the issue shall be decided in accordance with the legislation by a vote at a Special General Meeting for which the details of the special resolution has been provided in advance. Where possible, the terms of the special resolution should be discussed at a prior General Meeting with an attempt to reach consensus on the terms and wording being made, and/or alternatives resolutions being put along side if appropriate.
- (c) When a vote takes place, every member present in person at a General Meeting shall have one vote. Except where otherwise specified in these Rules or under the Act, resolutions shall be decided by a majority vote of members present and voting. Votes shall be taken openly, unless, before a motion is put to the vote, a secret ballot is demanded by not fewer than one sixth of the members present. Voting shall be conducted under the direction of the chairperson in accordance with any procedures agreed by the Co-operative. A motion on which voting is tied shall be deemed to have fallen.
- (d) A General Meeting shall take into account submissions from a member who cannot make the meeting, but such submissions shall not count towards quoracy unless they specifically address an agenda item that has been circulated in advance.
- (e) Where the Co-operative has only three members and Rule 14(e) imposes a unanimous decision upon the Co-operative, then the dispute resolution rules may be invoked.
- (f) For any decision requiring a special resolution, or which has been moved to a vote under (b), the Co-operative shall permit the use of voting by proxy for members unable to attend. The proxy vote shall be provided in writing or by email on due notification to the Secretary or other appointed member, and may set out terms by which support for the resolution could be obtained or be opposed. A General Meeting may, if it so desires, make the passing of a resolution conditional on the subsequent acceptance by proxy of a member unable to attend, and empower its members to act once this has been granted.

## **16. ANNUAL GENERAL MEETING**

The Annual General Meeting shall be held within six months of the close of the financial year of the Co-operative. This meeting shall be called in the same manner as any Special General Meeting. It shall:

- (a) consider the frequency of General Meetings during the coming year. In the absence of any decision otherwise, General Meetings shall take place monthly, subject to any resolution of a General Meeting as to time and place.
- (b) consider an annual report on the business of the Co-operative during the previous financial year;
- (c) receive the accounts and balance sheet for the previous financial year;

- (d) appoint an auditor if necessary according to Rule 23;
- (e) shall
  - i. elect a Treasurer under the members' direction.
  - ii. elect a Secretary under the members' direction.

## **17. OFFICERS**

The Co-operative's officers shall be the Secretary and Treasurer; and such others as may be appointed from time to time. The officers shall discharge their powers and responsibilities in accordance with these Rules and any further policies and procedures as adopted by General Meeting as part of the Secondary Policy Document.

- (a) The Secretary shall ensure that meetings are properly called and minutes kept, that the register of members and officers is maintained, that the use of the seal is recorded, that the Secondary Policy Document is updated, and that the appropriate returns are made to the appropriate authority.
- (b) The Treasurer shall manage the financial affairs of the Co-operative and ensure that adequate records are kept.
- (c) The Secretary and Treasurer shall not be the same person. No one individual shall occupy either position for more than two years consecutively.

## **18. PAYMENTS TO MEMBERS**

- (a) The Co-operative shall not remunerate any member of the Co-operative in respect of service as an officer or member. This Rule shall not prevent the reimbursement of expenses properly incurred by any person on behalf of the Co-operative.
- (b) For the avoidance of doubt,
  - i. members of the Co-operative may be contracted to carry out non-governance maintenance;
  - ii. any secretarial, treasury or other designated officer work shall not be remunerated.

# **Part 4: Financial Matters**

## **19. BORROWING POWERS**

- (a) The Co-operative shall have power to borrow money for the purposes of fulfilling the Objects of the Co-operative, including issuing loan stock, provided that:
  - i. at the point of the new borrowing, the total amount of the combined new and existing undischarged debt held by the Co-operative shall not exceed £10 million; and
  - ii. for this purpose, the amount remaining undischarged on existing debts shall be deemed the amount required to repay such debts in full, including interest or

other index payments that would also become due, if such debts became repayable at the time of the proposed new borrowing.

- (b) In the case of any loan, the Co-operative shall only pay interest at a rate that does not exceed what is necessary to obtain and retain sufficient capital to carry out the Co-operative's Objects.
- (c) The Co-operative shall have the power to determine from time to time the terms and conditions upon which money is borrowed or loan stock issued and to vary such terms and conditions subject to the provisions of this Rule.
- (d) The Co-operative shall have the power to mortgage or charge any of its property, to issue debentures and other securities, and to charge any or all of its assets as security for money borrowed.
- (e) The Co-operative shall not receive money on Deposit.
- (f) The Co-operative may receive donations and grants towards the work of the Co-operative.
- (g) The Co-operative shall have the power to guarantee a loan to any body corporate or organisation governed in line with the Co-operative Principles, PROVIDED their Rules prevent members benefiting from:
  - i. its assets on dissolution or withdrawing from membership;
  - ii. the increase in equity value of their fixed assets for what ever reason, including but not limited to, sale or transfer; and
  - iii. an increase in equity value, gained due to interest received.

If necessary, the Co-operative shall have the power to mortgage or charge any of its property to secure such a guarantee.

## **20. INVESTMENT**

- (a) The funds of the Co-operative may, to the extent permitted by the law for the time being in force, be invested:
  - i. in any manner expressly authorised by the Act;
  - ii. subject to the provisions of the Trustee Investments Act 1961 or successor legislation, in I) stocks, shares or debentures of any body corporate II) any investment covered by Parts I to III of Schedule 1 to that act.
  - iii. in the shares of, or any security issued by, another co-operative society or community benefit society.
  - iv. in any freehold, feuhold, or leasehold property in the United Kingdom;but shall not be invested otherwise.
- (b) The Co-operative may, to the extent permitted by the law for the time being in force, delegate in writing to a suitable person the exercise of the management or investment of the property for the time being forming part of the property of the Co-operative. A suitable person shall be a person whom the Co-operative reasonably believes to be qualified by ability and experience in the matters delegated, and who is an authorised or exempted person for the purposes of Part I of the Financial Services Act 1986 as amended or re-enacted from time to time.
- (c) The Co-operative may appoint any member or members to vote on its behalf at

meetings of any other body corporate in which the Co-operative has a right to do in light of an investment it has made.

- (d) The Co-operative shall not engage in any activity regulated by the Financial Services and Markets Act 2000 without first obtaining the permission of the Prudential Regulation Authority and/or the Financial Conduct Authority, as appropriate.

## **21. TRANSFER OF ASSETS TO MEMBERS**

No portion of the income or the property of the Co-operative shall be transferred either directly or indirectly by way of dividend, bonus or otherwise by way of profit to members of the Co-operative except insofar as the tenancy or lease may provide upon surrender to the Co-operative for payments to be made to the member, of no more than one month's rent in addition to any monies outstanding.

## **22. SURPLUSES**

- (a) The Co-operative may apply any surpluses towards carrying out the objects of the Co-operative.
- (b) A general meeting may set aside any part of the surpluses arising in any year to be donated or loaned for any purposes determined by the members in general meeting, provided such purposes are in accordance with the objects and powers of the Co-operative.
- (c) Any surpluses not applied or set aside shall be carried forward.

# **Part 5: Records of the Co-operative**

## **23. AUDITS AND ANNUAL RETURNS**

- (a) Subject to (b) below, the Co-operative shall appoint in each financial year an auditor qualified under the Co-operative and Community Benefit Society Act 2014 to audit the co-operatives accounts and balance sheets for the year.
- (b) The Co-operative shall, subject to (c), be exempt from the obligation to appoint a qualified auditor if during the previous financial year it met such criteria regarding low levels of income and/or expenditure, or other factors as to qualify it for statutory exemption from the need to appoint qualified auditors.
- (c) Each year the members of the Co-operative shall by resolution before a General Meeting decide whether to apply the audit exemption. Such a resolution shall not be subject to the above rules on decision-making but be deemed to have passed if the terms of the appropriate legislation has been met.
- (d) Every year,
  - i. not later than the date provided by the Act; or
  - ii. where the return is made up to the date allowed by the Authority, not later than three months after such date

the Secretary shall send the Authority, in the form prescribed by the Authority, the Co-operative's annual return relating to its affairs for the period required by the Act, together with auditors' reports and/or balance sheets as required by the Act or other relevant statutes.

## **24. RECORDS, MINUTES AND SEAL**

- (a) Sufficient records shall be maintained and left at the registered office for the purposes of the Co-operative and to comply with the provisions of the Act. These shall include:

- (i) a Register of Membership maintained in accordance with the requirements as set down by law AND shall include the postal and / or email address of each member. It shall be the responsibility of each member to advise the Co-operative of any change of details. Any requirement in the Act or in the Rules of the Co-operative that a notice be served on the member shall be satisfied if notice has been delivered to the address given in the Register.

If, and only if, the Register of Members has been lost due to unforeseeable circumstances, then the minutes of General Meetings, tenancy agreements, may be used to reconstruct the Register, subject to the other conditions set out in these Rules, in order to restore the Register. At no time is this clause to be considered an alternative to keeping a properly maintained Register of Members as required under the Act.

The members shall be allowed to freely inspect the Register at any point to ensure that it is being maintained to the necessary standard.

- (ii) minutes of meetings as provided for in (b) below;
- (iii) a record of policy decisions as provided for in (c) below.
- (iv) If the Co-operative so chooses at General Meeting, it may create at any time a Duplicate Register for inspection as set out in the Act.

- (b) This shall include minutes of all decisions which have been made by General Meeting, Special General Meeting or Annual General Meeting or any meeting provided for under Rule 14(a). These records shall be available to all members of the Co-operative. It is the duty of the Secretary to ensure that all decisions are properly recorded and retrievable by other members. The minutes of any decision made shall include the time and place, those members present, the type of meeting (general meeting, AGM, SGM, ad hoc) and the wording of any decision reached.

- (c) The Co-operative shall maintain a record, whether the responsibility of the Secretary or another member appointed to the task, of all policy decisions that affect all members of the Co-operative that have been made by appropriately constituted general meeting.

- (i) This document shall be made freely available to all members and shall constitute the Secondary Policy Document of the Co-operative with legal standing in respect of any issue not addressed directly by legislation or these Rules.

- (ii) It is to be noted that the Secondary Policy Document or any decision of a



General Meeting are subordinate to these Rules.

- (iii) The conditions under which the Secondary Policy Document may be altered or added to shall be set down by General Meeting as it sees appropriate.
- (d) The Co-operative may have a Seal to be used only by the authority of the Co-operative. Sealing shall be attested by the signatures of the Secretary and two members of the Co-operative, and its use recorded.

## **Part 6: Disputes**

### **25. Disputes**

- (a) Any dispute between members which arises due to a personal matter between two parties shall be dealt with by the internal dispute resolution procedures of the Co-operative; if the dispute resolution process does not succeed then the matter shall go to a General Meeting to decide upon appropriate remedy or further action.
- (b) The internal dispute procedure, or by the agreement of all parties, may decide to return the issue to be decided upon at a General Meeting. Where there is to be determination on membership of the Co-operative in light of behaviour complained about, then this shall be done through a special General Meeting as set out in (c).
- (c) In situations other than gross misconduct,
  - i. where
    - (1) a dispute has been returned for decision at a General Meeting under the dispute resolution procedure of the Co-operative; OR
    - (2) arbitration has proven to be impracticable or deemed undesirable by all parties;
  - ii. AND the continued membership of the Co-operative by a particular individual is to be discussed,

a Special General Meeting shall be called to consider the matter and shall have power to expel that member by a resolution passed by three-quarters of the members present and voting,

PROVIDED that a complaint, in writing, of conduct detrimental to the interests of the Co-operative has been sent to all members no fewer than 28 days before the meeting. Such complaint shall contain particulars of the conduct in question and shall request the member to answer the complaint and attend the meeting. In the case that consensus cannot be reached according to the Rules of the Cooperative the process may move immediately to a vote.

At the meeting the members shall consider the evidence in support of the complaint and such evidence as the individual concerned may wish to place before them. If, on due notice, the individual concerned fails to attend the meeting, the meeting may proceed in their absence.

This process may be waived if the member is alleged to have engaged in verbal or physical assault, abuse, harassment, theft or damage in relation to another member or to anyone visiting the Co-operative, such that they have caused any member to consider that they feel unsafe as a resident of the Co-operative. Such behaviour shall be considered to be a gross misconduct.

### *Gross Misconduct*

- (d) Where gross misconduct is alleged, it shall be treated with expedience. To this end a meeting of no fewer than one quarter or of no less than 3 members, whichever is the greater (or other ratio and/or minimum number as may be set down from time to time by General Meeting), may be convened by any member to consider the temporary exclusion of the relevant individual(s) from the Co-operative's property until resolution or expulsion is enacted.

PROVIDED that:

- i. at least half of the Co-operative members give their consent, verbally or otherwise, before action is taken;
  - ii. a General Meeting must take place with seven days' notice and no later than fourteen days after the temporary exclusion to resolve the issue in whatever manner the General Meeting deems appropriate, which may include, but is not limited to:
    - (1) upholding the temporary expulsion pending resolution, the procedure for which must be set out with notification to all members including the person concerned; or
    - (2) to set the time, date and place for a Special General Meeting to consider the expulsion of the member.
- (e) For the purposes of clarity, temporary exclusion does not mean the individual has been expelled from membership.

### *Powers to go to Arbitration*

- (f) Where
- i. a dispute concerns matters governed by these Rules; AND
  - ii. is between
    - (1) a member or individual who has ceased being a member no more than six months previously; and
    - (2) the Co-operative, or a member of the Co-operative
- and provided the internal dispute resolution process has not succeeded in resolving the dispute, either party has the right to seek arbitration, whether or not the other party agrees to arbitration. Any arbitration process shall be subject to the Arbitration Act 1996 or any successor legislation, with any decision arising out of the arbitration being legally binding and enforceable, subject to the conditions set out in (c).

Arbitration shall include the following powers:

- iii. to deal with any of the issues set out in Rule 14(e) including membership; and
  - iv. in the event of serious dysfunctionality, which has caused the Co-operative to cease functioning as a *bona fide* Co-operative and is irresolvable through other means, to direct and enact the dissolution of the Co-operative and the re-distribution of assets, subject to any other Rule herein.
- (g) Where there is no agreement to go to arbitration, the following apply:
- i. Where no method of arbitration has been agreed upon, or the right to go to arbitration has been invoked without agreement, then the method of arbitration shall be, in the first instance, through a three person tribunal, with each party nominating one individual to represent their interests, and these two arbitrators approaching Radical Routes Ltd, Cooperatives UK or another appropriate body to nominate a chairperson for the tribunal.
  - ii. If the other party to the dispute does not nominate an arbitrator to represent their issues within 28 days of being notified, the complainant can approach Radical Routes Ltd, Cooperatives UK or other appropriate organisation involved in dispute resolution, arbitration or representing the interests of the co-operative movement to appoint an independent arbitrator. The arbitrator is free to choose to move to a tribunal format if appropriate
  - iii. In the case of no mutual agreement to go to arbitration, the party invoking this Rule is required to pay a deposit of two weeks' rent to the arbitrator, the matter of which shall be dealt with in any judgement and which may be used to cover costs or provided to the other party if it is judged the claim was spurious.
  - iv. Any arbitrator or arbitral tribunal has power to award costs and expenses as they consider just and equitable in line with their judgement. These will be enforceable as a debt whether against an individual party to the dispute or against the Co-operative as directed.

## **Part 7: Amendments, Transfer of Engagements & Dissolution (Termination)**

### **26. AMENDMENT OF RULES**

- (a) Subject to (b), (c) and (d), any Rule herein may be rescinded or amended, or a new Rule may be added, by resolution of no less than three quarters of the members present and voting at a Special General Meeting, providing that all members of the Co-operative have been supplied with copies of the proposed amendment at least - 28 days before the meeting at which it is to be determined.
- (b) No rule change is permitted under any circumstances that:
  - i. deletes any provision from this Rule;
  - ii. permits or facilitates de-mutualisation of the society; or otherwise allows

- members to deprive the Co-operative of its capital or assets for their own gain;
- iii. deletes or otherwise changes sections 2(a) to 2(d) of these Rules.
- (c) No amendment of these Rules is valid until registered by the Authority.
- (d) The Co-operative shall remain fully mutual and in common-ownership. To this end, the following Rules may not be amended or rescinded without the permission of the sponsoring body, and a letter granting such permission from the sponsoring body is provided to the Authority setting out the changes acceded to, when the proposed amendments are submitted. In the event of no sponsoring body existing, this clause ceases to apply.
  - i. Rule 1(b): Status as co-operative society
  - ii. Rule 2: Objects
  - iii. Rule 7: Membership
  - iv. Rule 9: Non-Residential Occupation
  - v. Rule 21: Transfer of Assets to Members
  - vi. Rule 26: Amendments of Rules
  - vii. Rule 28: Dissolution
  - viii. Rule 29: Beneficiaries
  - ix. Rule 27(b): Transfers of Engagements

## **27. TRANSFER OF ENGAGEMENTS & AMALGAMATION**

- (a) A General Meeting may agree to accept a transfer of engagements from any co-operative society or community benefit society having objects consistent with those of the Co-operative.
- (b) A Special General Meeting may agree by a special resolution supported by at least two thirds of the members present and voting to transfer the Co-operative's engagements to, or to amalgamate with, any co-operative society or community benefit society whose objects include providing accommodation, PROVIDED:
  - i. that the resolution is confirmed at a subsequent General Meeting of which notice has been duly given held not less than fourteen days nor more than one month from the day of the meeting at which the resolution was passed, in accordance with the Act; and
  - ii. the Rules of the other society prevent members benefiting from:
    - (1) its assets on dissolution or withdrawing from membership;
    - (2) the increase in equity value of their fixed assets for what ever reason, including but not limited to, sale or transfer; and
    - (3) an increase in equity value, gained due to interest received.

## 28. DISSOLUTION (TERMINATION OF THE CO-OPERATIVE)

- (a) The Co-operative may be terminated on the consent of three-quarters of the members by their signatures, provided not fewer than three members consent to it and subject to (c):
  - i. to an Instrument of Dissolution agreed in a Special General Meeting, or
  - ii. by resolution agreed at a Special General Meeting to have the Co-operative wound up under one of the powers permitted to it by law.,
- (b) Any surpluses remaining after settlement of the Co-operative's debts and liabilities should be transferred to a beneficiary as set out in Rule 29 or, alternatively, to any co-operative society held in common-ownership or community benefit society whose objects include providing accommodation, PROVIDED the Rules of the society prevent members benefiting from:
  - (1) its assets on dissolution or withdrawing from membership;
  - (2) the increase in equity value of their fixed assets for what ever reason, including but not limited to, sale or transfer; and
  - (3) an increase in equity value, gained due to interest received

No member of the Co-operative shall benefit financially from the dissolution of the Co-operative.

- (c) Where the membership of the Co-operative has fallen below three and it has been decided to dissolve the Co-operative through an Instrument of Dissolution, there shall be no powers to alter the beneficiaries or custodians (except with their permission, or where they have all ceased to exist, and subject to Rule 29(b) ).
- (d) Where a member, or individual who has ceased to be a member for less than a period of a year, believes it is just and equitable they may:
  - i. petition the courts to have the Co-operative wound up on the grounds it is no longer a *bona fide* Co-operative, acting in accordance with these Rules, and is not capable of being restored as such; or
  - ii. seek that the courts appoint an arbitrator to investigate the merits of winding up the Co-operative.

This may include an application for the naming of appropriate beneficiaries or custodians where none such are named or continue to exist.

## 29. BENEFICIARIES

- (a) Unless an Instrument of Dissolution created under Rule 28(a) names other beneficiaries in accordance with the conditions of 28(b), in the event of the Co-operative, dissolving, being wound-up, ceasing to function or falling dormant, the beneficiaries of the assets of the Co-operative, in descending order of right to the assets, shall be:
  - i. Radical Routes Limited
  - ii. \_\_\_\_\_
  - iii. \_\_\_\_\_

No beneficiary may be an individual. Beneficiaries may be any co-operative society held in common-ownership or community benefit society whose principles are in line

with those of the Co-operative, PROVIDED the Rules of the beneficiary society prevent members benefiting from:

- (1) its assets on dissolution or withdrawing from membership;
- (2) the increase in equity value of their fixed assets for what ever reason, including but not limited to, sale or transfer; and
- (3) an increase in equity value, gained due to interest received

The Co-operative shall notify any beneficiary that they have been named as such, or that they have been removed as such. No beneficiary shall be named who had not consented to it. No such interest that an organisation has in the assets of the Co-operative under these Rules may be passed on to a third party other than another named beneficiary.

- (b) In the event of the named beneficiaries no longer existing or declining to take up their role as beneficiary (or in the absence of named beneficiaries), then Radical Routes Ltd, Co-operatives UK or any appropriate federation of housing co-operatives may apply to the courts to be named as custodian of the assets of the Co-operative.
- (c) Beneficiaries and/or custodians shall be empowered to donate the assets of the Co-operative to another co-operative society, or to sell its assets for the purpose of providing financial assistance on the basis of loans or grants to other societies, PROVIDED any receiving society is acting in line with the Co-operative's objectives and the rules of the receiving society(ies) prevent members benefiting from:
  - (1) its assets on dissolution or withdrawing from membership;
  - (2) the increase in equity value of their fixed assets for what ever reason, including but not limited to, sale or transfer; and
  - (3) an increase in equity value, gained due to interest received.

Custodians may not use the assets in a way that permits financial benefits to accrue to themselves, their members or agents and servants, excepting that they may deduct expenses occurred in carrying out their role as custodian.

- (d) Any beneficiary or custodian, if it has strong reason to believe the Co-operative is no longer being run as a bona fide Co-operative with three or more members, shall have the power under Section 137(2)(d) of the Act to apply to the courts to have the Co-operative wound up and an the assets properly distributed. The dissolution or otherwise of the Co-operative shall not prevent any beneficiary or custodian from enforcing these Rules or pursuing any individual for the return of assets they have wrongly acquired from the Co-operative for personal gain.

## **Part 8: Interpretation**

30. In these Rules, unless the subject matter or context are inconsistent therewith:


- (a) Words importing the singular or plural shall include the plural or singular respectively;
- (b) “*The Act*” refers to the Co-operatives and Community Benefit Societies Act

2014, or any Act or Acts amending or succeeding them, for the time being in force;

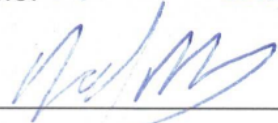
- (c) "*The Co-operative Principles*" refers to the most up-to-date principles adopted by the International Co-operative Alliance;
- (d) "*Tenant*" shall mean any person other than a body corporate who holds, either individually or jointly, a tenancy or lease entitling them to occupy residential property owned or managed by the Co-operative;
- (e) "*Surpluses*" shall mean any money remaining after the Co-operative's current expenditure and obligations have been provided for and adequate allowance has been made for the Co-operative's reasonably foreseeable future requirements;
- (f) "*Clear days*" in relation to the period of notice means the period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
- (g) "*The Secondary Policy Document*" shall be mean those decisions of general or special general meetings which govern the life of the Co-operative, whether they are referred to as bye-laws, regulations or secondary rules.
- (h) Any reference to "*the Authority*" shall refer to the Financial Conduct Authority, or any statutory successor of it.
- (i) For the purposes of the Act, any reference to Committee in the Act shall be taken as referring to the General Meeting in these Rules.
- (j) For the purposes of the Act, any reference to the Facilitator in these Rules shall be deemed to be the Chair and they shall have power to sign special resolutions, etc. as such.
- (k) An "*unhoused member*" shall refer to any member who is a prospective tenant of the Co-operative. For the purposes of clarification they are full members of the Co-operative and shall have all the benefits and responsibilities of membership, but are subject to the conditions of reapplying under Rule 7(c)(iv).
- (l) "*Special Resolution*" shall refer to any matter which requires a Special General Meeting and for certain issues be bound by the conditions set out in the Act.
- (m) "*Fully Mutual*" shall follow the definition provided of the Housing Association Act 1985, in that all members are residents or intending to be housed by the Co-operative and all residents are members.
- (n) "*Common Ownership*" shall have the same meaning as the Industrial Common Ownership Act 1976.
- (o) "*Sponsoring body*" shall mean Radical Routes Ltd, or any organisation to which Radical Routes devolves powers to administer these Rules on its behalf..
- (p) "*Deposit*" shall mean a sum of money as defined in Article 5 paragraph (2) of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001

Signatures below for inclusion in the RRFM14 rule book and FCA mutuals registration form. Please write name and sign. These should be the people named in other registration documents.

Signatures

1. 

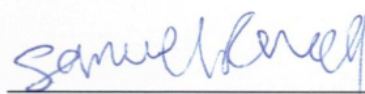
Name: Marlow Bushman

2. 

Name: DAVID PARKES

3. 

Name: ~~Esmond~~ ESMOND SAGE

Secretary: 

Name: SAMUEL REVELL