

**RULES OF  
HEXAGON HOUSING ASSOCIATION LIMITED  
REGISTER N<sup>o</sup>.:  
19128R**

**Registered under the Industrial and Provident Societies Act 1965**

**An Exempt Charity  
All Previous Rules Rescinded**



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***Based on the National Housing Federation Model Rules 2011***

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## **PART A**

## **NAME AND OBJECTS**

### **Name**

- A1 The name of the society shall be **Hexagon Housing Association Limited** (the **association**).

### **Objects**

- A2 The association is formed for the benefit of the community. Its objects shall be to carry on for the benefit of the community:
- A2.1 the provision of social housing, the provision and management of housing and any other purposes connected with or incidental to the provision of housing, in each case for poor people or for the relief of aged, disabled (whether physically or mentally), chronically sick people or for bona fide students in full time education;
  - A2.2 any other charitable object which is from time to time not a prohibited activity under the 2008 Act for an industrial and provident society registered as a provider of social housing with the regulator.

### **Non-profit**

- A3 The association shall not trade for profit.
- A4 Nothing shall be paid or transferred by way of profit to shareholders of the association.

## **PART B**

## **POWERS OF ASSOCIATION, BOARD, AND SHAREHOLDERS**

### **Powers**

- B1 The association shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except as expressly prohibited in these rules.
- B2 Without limiting its general powers the association shall have power to:
- B2.1 purchase, acquire or dispose, take or grant any interest in land including any mortgage, charge or other security whatsoever;
  - B2.2 construct or carry out works to buildings;
  - B2.3 help any charity or other body not trading for profit in relation to housing and related services;
  - B2.4 subject to rules F13, F14 and F15, borrow money or issue bonds, notes, loan stock or any other debt instrument or enter into any transaction having the commercial effect of borrowing;
  - B2.5 enter into and perform any derivative transaction on such terms and on such security as the association thinks fit;
  - B2.6 subject to rule F17, invest the funds of the association;
  - B2.7 lend or make grants of money on such terms as the association shall think fit;
  - B2.8 guarantee, enter into any contract of indemnity or suretyship or provide security for the borrowings or performance of the obligations of a third party on such terms as the association shall think fit; and
  - B2.9 pay insurance premiums in respect of insurance taken out to insure officers and employees against the cost of a successful defence to a criminal prosecution brought against them as officers or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or a breach of duty in relation to any group member or as a trustee of any pension fund of any group member.
- B3 The association shall not have power to receive money on deposit in any way which would require authorisation under the Financial Services and Markets Act 2000 or any other authority required by statute unless it has such authorisation.

### **Powers of the board**

- B4 The business of the association shall be directed by the board.
- B5 Apart from those powers which must be exercised in general meeting:  
B5.1 by statute; or  
B5.2 under these rules  
all the powers of the association may be exercised by the board for and in the name of the association.
- B6 The board shall have power to delegate, in writing, the exercise of any of its powers to any committee or committees or any officer or officers or to any employee or employees on such terms as it determines. Such delegation may include any of the powers and discretions of the board.

#### **Limited powers of shareholders in general meeting**

- B7 The association in general meeting can only exercise the powers of the association expressly reserved to it by these rules or by statute.

#### **General**

- B8 The certificate of an officer of the association that a power has been properly exercised shall be conclusive as between the association and any third party acting in good faith and without notice of any irregularity.
- B9 A person acting in good faith who does not have actual notice of these rules or the association's regulations shall not be concerned to see or enquire if the board's powers are restricted by any of these rules or regulations.

### **PART C**

### **SHAREHOLDERS AND GENERAL MEETINGS**

#### **Obligations of shareholders**

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

#### **Nature of shares**

- C2 The association's share capital shall be raised by the issue of shares. Each share has the nominal value of one pound which shall carry no right to interest, dividend or bonus.
- C3 When a shareholder ceases to be a shareholder or is expelled from the association, their share shall be cancelled. The amount paid up on that share shall become the property of the association. Shares may not be transferred.

#### **Nature of shareholders**

- C4 A shareholder of the association is a person or body whose name and address is entered in the register of shareholders.
- C5 The following cannot be or become shareholders:  
C5.1 a minor;  
C5.2 a person who has been expelled as a shareholder, unless authorised by special resolution at a general meeting;  
C5.3 an employee of any group member;  
C5.4 a person who has been removed by the board in accordance with rule D8;  
C5.5 a person who has been convicted of an indictable offence which is not, or cannot be, spent; or  
C5.6 a person who is the subject of any composition made with that person's creditors generally in satisfaction of that person's debts; or  
C5.7 a person in respect of whom a registered medical practitioner who is treating that person gives a written opinion to the association stating that that person has become

- physically or mentally incapable of acting as a shareholder and may remain so for more than three months;
- C5.8 a person in respect of whom, by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
- C5.9 a resident who is in material or serious breach of their tenancy agreement or lease and fails to rectify the breach within a reasonable timeframe as agreed with the association, or are subject to any of the following types of court order: anti social behaviour order, anti social behaviour injunction, demoted tenancy, or closure order.
- C6 No shareholder shall hold more than one share and each share shall carry only one vote. A share cannot be held jointly.

#### **Admission of shareholders**

- C7 The board will admit each board member (other than any employee) as a shareholder and shall not admit any other person as a shareholder.

#### **Ending of shareholding**

- C8 A shareholder shall cease to be a shareholder if:
  - C8.1 they die;
  - C8.2 they are expelled under rule C9;
  - C8.3 they withdraw from the association by giving written notice to the secretary, unless they are one of the last three remaining shareholders of the association, in which case they must provide at least one month's written notice of their withdrawal to the secretary;
  - C8.4 they do not attend in person or appoint a proxy in respect of, nor deliver written apologies in advance for, two consecutive annual general meetings of the association;
  - C8.5 they become ineligible to be a shareholder under rule C5 or rule C7;
  - C8.6 they cease to be a board member or a member of a committee (unless the board in its absolute discretion resolves that they shall remain as a shareholder);
  - C8.7 they are a resident of the association and are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order: anti social behaviour order, anti social behaviour injunction, demoted tenancy, or closure order;
  - C8.8 the association has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the association provided that if the order is suspended or is an order for payment in instalments they shall only cease to be a shareholding member upon failing to meet the terms of the order;
  - C8.9 they are a resident of the association and are in material or serious breach of their tenancy agreement or lease;
  - C8.10 in the case of a shareholder who was a resident at the time of their appointment as a shareholder, they cease to be a resident (unless the board in its absolute discretion resolves that they shall remain as a shareholder); or
  - C8.11 the association serves notice on the shareholder at their last known address asking them to indicate within a period (not being less than 3 months) whether they wish to remain a shareholder and they fail to reply within such period.
- C9 A shareholder may only be expelled by a special resolution at a special general meeting called by the board provided the following conditions are satisfied:
  - C9.1 the board must give the shareholder at least one month's notice in writing of the general meeting. The notice to the shareholders must set out the particulars of the complaint of conduct detrimental to the association and must request the shareholder to attend the meeting to answer the complaint; and

- C9.2 at the general meeting called for this purpose the shareholders shall consider the evidence presented by the board and by the shareholder (if any). The meeting may take place even if the shareholder does not attend; and
- C9.3 if the resolution to expel the shareholder is passed in accordance with this rule, the shareholder shall immediately cease to be a shareholder.

#### **Annual general meeting**

- C10 The association shall hold a general meeting called the annual general meeting within six calendar months after the close of each of its financial years or such later date as may be permitted by law.
- C11 The functions of the annual general meeting shall be:
- C11.1 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; and
  - the board's report on the affairs of the association;
- C11.2 subject to rules F3 and F4, to appoint the auditor (if one is required by law);
- C11.3 to elect (or re-elect) board members (if applicable); and
- C11.4 to transact any other general business of the association set out in the notice convening the meeting including any business that requires a special resolution.

#### **Special general meetings**

- C12 All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- C12.1 upon an order of the board; or
- C12.2 upon a written requisition signed by one-tenth of the shareholders (to a maximum of twenty-five but not less than three) stating the business for which the meeting is to be convened.
- C13 If within twenty-eight days after delivery of a requisition to the secretary a meeting required under rule C12.2 is not convened, the shareholders who have signed the requisition may convene a meeting.
- C14 A special general meeting shall not transact any business that is not mentioned in the notice convening the meeting.

#### **Calling a general meeting**

- C15 Subject to rule C17, all general meetings shall be convened by at least fourteen clear days' written notice posted or delivered or sent by fax or electronic communication to every shareholder at the address, fax number or electronic communication address given in the share register. The notice shall state whether the meeting is an annual general meeting or special general meeting, the time, date and place of the meeting, and the business for which it is convened.
- C16 Any accidental failure to get any notice to any shareholder (including any accidental failure to send it) shall not invalidate the proceedings at that general meeting. A notice or communication sent by post to a shareholder at their address shown in the register of shareholders shall be deemed to have arrived as specified in rule G16.
- C17 Seventy-five per cent of shareholders may agree, by consenting in writing, or by electronic communication, to a general meeting being held with less notice than required by rule C15.

#### **Proceedings at general meetings**

- C18 Before any general meeting can start its business there must be a quorum present. A quorum

is present if:

C18.1 at least two shareholders are present in person; and

C18.2 at least three shareholders are either present in person or by proxy.

C19 A meeting held as a result of a shareholders' requisition will be dissolved if too few shareholders are present half an hour after the meeting is scheduled to begin.

C20 All other general meetings where too few shareholders are present half an hour after the meeting should begin will be adjourned to the same day, at the same time and at the association's registered office in the following week. If less than the number of shareholders set out in rule C18 are present within half an hour of the time the adjourned meeting is scheduled to have started, those shareholders present shall carry out the business of the meeting.

C21 The chair of any general meeting can:

C21.1 take the business of the meeting in any order that the chair may decide; and

C21.2 adjourn the meeting if the majority of the 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.

C22 At all general meetings of the association the chair of the board shall preside. If there is no such chair or if the chair is not present or is unwilling to act, the vice chair (if any) shall chair the meeting, failing which the shareholders present shall elect a shareholder to chair the meeting. The person elected shall be a member of the board if one is present and willing to act.

## Proxies

C23 Any shareholder entitled to attend and vote at a general meeting may appoint another person, whether or not a shareholder, as their proxy to attend and vote instead of them. A proxy can be appointed by delivering a written appointment (which may be electronic) to the registered office, or such other place as may be selected by the board and stated in the notice calling the meeting, at least two days before the date of the meeting at which the proxy is authorised to vote. It must be signed or approved and sent by the shareholder or a duly authorised attorney. Any proxy form delivered late shall be invalid. Any question as to the validity of a proxy shall be determined by the chair of the meeting whose decision shall be final.

## Voting

C24 Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed or required by these rules, be decided upon a show of hands.

C25 On a show of hands every shareholder present in person and on a ballot every shareholder present in person or by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.

C26 Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution on a show of hands has been carried or lost, unanimously or by a particular majority, is conclusive. An entry made to that effect in the book containing the minutes of the proceedings of the association shall be conclusive evidence of that fact.

C27 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.

C28 A ballot on a resolution may be demanded by any three 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.

C29 A ballot shall be taken at the meeting at such time and in such manner as the chair shall



direct. The result of such a ballot shall be deemed to be the resolution of the association in general meeting.

### **Written Resolutions**

C30 Save where a physical meeting is specifically required by the Act, a resolution in writing signed or approved by letter, fax or by electronic communication by or on behalf of the requisite majority of the shareholders, for the time being, entitled to vote on the relevant resolution shall be as valid and effective as a resolution passed at a properly called and constituted meeting of shareholders provided that a copy of the proposed resolution has been delivered in accordance with these rules to all shareholders and the requisite majority of shareholders referred to in rule C31 has delivered their agreement in accordance with these rules. Such resolution when signed or approved may comprise more than one document in the same form, each signed or approved, by one or more shareholders.

C31 For the purposes of rule C30 the requisite majorities are:

C31.1 in the case of an ordinary resolution, a simple majority of shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting;

C31.2 in the case of a resolution requiring a two-thirds majority of shareholders, at least two-thirds of the shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting; or

C31.3 in the case of a resolution requiring a three-quarters majority of shareholders, at least three-quarters of the shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting.

## **PART D**

## **THE BOARD**

### **Functions**

D1 The association shall have a board (in these rules referred to as the **board**) which shall, subject to rule D26, direct the affairs of the association in accordance with its objects and rules and ensure that its functions are properly performed. At all times that the association is registered with the regulator as a provider of social housing, the board shall ensure that the association takes account of any obligation imposed upon the association by the regulator in exercise of its powers.

### **Composition of the board**

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

D2.2 No resident may be appointed (or co-opted) to the board if, following their appointment (or co-option), more than one-third of the board members will at that time be residents.

D2.3 No employee may be appointed (or co-opted) to the board if, following their appointment (or co-option), more than one-third of the board will at that time be employees.

D3 Except for co-optees and employees only shareholders can be board members.

D4 D4.1 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 cannot take part in the deliberations nor vote on the election of officers of the association nor any matter directly affecting the appointment or removal of, or setting or amending the obligations of shareholders.

D4.2 The board may co-opt employees to the association's board subject to rule D2.3.

D4.3 The board may appoint employees to the association's board subject to rule D2.3.

D5 For the purposes of these rules and of the Act, a co-optee is not included in the expression

**board member or member of the board.** For the purposes of the 2008 Act, a co-optee is an officer.

D6 Not more than five co-optees can be appointed to the board or to any committee at any one time.

D7 No one can become or remain a board member or co-optee at any time if:

D7.1 they are disqualified from acting as a director of a company for any reason;

D7.2 they have been convicted of an indictable offence which is not, or cannot be, spent; or

D7.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;

D7.4 they are not a shareholder (unless they are a co-optee or employee);

D7.5 they have absented themselves from three consecutive meetings of the board in one rolling twelve-month period without special leave of absence from the board;

D7.6 they are a person in respect of whom a registered medical practitioner who is treating that person gives a written opinion to the association stating that that person has become physically or mentally incapable of acting as a board member and may remain so for more than three months;

D7.7 they are a person in respect of whom, by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;

D7.8 other than in respect of employees, any performance contract or similar agreement entered into by the board member with the association or any other group member is terminated;

D7.9 they are an employee and their contract of employment with any group member is terminated;

D7.10 they are a resident and are in material or serious breach of their tenancy agreement or lease and fail to rectify the breach within a reasonable timeframe as agreed with the association, or are subject to any of the following types of court order: anti social behaviour order, anti social behaviour injunction, demoted tenancy, or closure order;

D7.11 in the case of a board member who was a resident at the time of their appointment as a board member, they cease to be a resident (unless the board in its absolute discretion resolves that they shall remain as a board member),

and any board member or co-optee who at any time ceases to qualify under this rule shall immediately cease to be a board member or co-optee.

D8 A board member may be removed from the board:

D8.1 by a special resolution at a general meeting; or

D8.2 by a resolution passed by two-thirds of the board members present and voting at a board meeting, excluding the board member subject of the proposed removal and excluding co-optees and employees, provided the following conditions are satisfied:

- at least fourteen days notice of the proposed resolution has been given to all board members; and

- the notice sets out in writing the alleged breach(es) of the board member's obligations to the association; and

- the board is satisfied that the allegation(s) is or are true.

D9 A board member may resign by giving a written notice of resignation to the secretary.

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 powers under rule D4.

### **Appointment to the board**

D11 If the board has agreed an appointment procedure for board members, all board members (other than employees) will be appointed in accordance with that appointment procedure.

- D12 Each board member appointed under rule D11 shall be appointed for a fixed period of office (each a **fixed term**). The fixed term shall be for a term of three years unless the board resolves otherwise. No fixed term shall be set which would cause the relevant board member to serve for a term of more than nine consecutive years.

#### **Quorum for the board**

- D13 D13.1 Subject to the provisions of rule D13.2, a quorum will be present at a board meeting if three board members are present. The board may determine a higher number or impose additional requirements.
- D13.2 The board is quorate if the majority of the board members present are not employees of the association.
- D13.3 If the number and make up of board members falls below the number and make up necessary for a quorum, the remaining board members may continue to act as the board for a maximum period of six months and the provisions of D13.2 shall be suspended for that time. At the end of that time the only power that the board may exercise shall be to bring the number and make up of board members up to that required by these rules.
- D13.4 If any board meeting becomes inquorate the meeting shall be adjourned until a later date, time and place approved by the chair of that meeting. An adjourned board meeting is a continuation of the original board meeting and can only deal with matters adjourned from the original board meeting.

#### **Board members' interests**

- D14 No board member, co-optee, member of a committee or officer shall have any financial interest in any contract or other transaction with the association or with any group member, or be granted a benefit by the association if such interest or benefit would be in breach of or inconsistent with these rules or any determination, specification, guidance, standards or code of practice of the regulator, or any code of conduct and/or governance adopted by the board of the association or any requirement of charity law applicable to the association from time to time.
- D15 Any board member, co-optee or member of a committee, having an interest in any arrangement between the association and someone else shall disclose their interest, before the matter is discussed by the board or any committee. Such disclosure must comply with any code of conduct and/or governance adopted by the board from time to time.
- D16 Subject to rule D26, unless it is expressly permitted by these rules a person having an interest of the kind described in rule D14 shall not remain present (unless requested to do so by the board or committee), and they shall not have any vote on the matter in question.
- D17 Subject to rule D18, if a question arises at a meeting of board members or of a committee of board members as to the right of a board member to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair, whose ruling in relation to any board member other than the chair is to be final and conclusive.
- D18 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the board members at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- D19 Any decision of the board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.
- D20 Every board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of:
- D20.1 all other bodies in which they have an interest as:
- a director or officer or

- a member of a firm or
  - an official or elected member of any statutory body or
  - the owner or controller of more than two per cent of a company where the shares in which are publicly quoted or more than ten per cent of any other company;
- D20.2 any property owned or managed by the association which they occupy; or
- D20.3 any other significant or material interest
- which in each case would or could affect any arrangement with the association or any other group member.
- D21 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 as the board directs.
- D22 The association may:
- D22.1 pay properly authorised expenses to board members, co-optees, employees and members of committees when actually incurred on the association's business;
- D22.2 pay insurance premiums in respect of insurance taken out under rule B2.9;
- D22.3 pay remuneration, fees, allowances or recompense for loss of earnings to board members, co-optees, employees and members of committees; and
- D22.4 grant benefits to board members, co-optees, employees and members of committees; provided that any such payment or benefit is lawful and is in accordance with any code of conduct and/or governance adopted by the board from time to time.
- D23 A board member, co-optee or member of a committee shall not have an interest for the purpose of rules D14 to D20 as a board member, director or officer of any other group member.
- D24 Board members, co-optees or members of committees who are residents of the association or any other group member shall be deemed not to have an interest for the purpose of rules D14 to D20 in any decision affecting all or a substantial group of residents of the association or of any other group member.
- D25 The grant of a tenancy, licence or lease by the association or by any other group member at the direction of another body or on a basis which is consistent with any applicable guidance, determination, standard or code of practice of the regulator (or any code of conduct and/or governance of the board from time to time, adopted by the board) to a board member, co-optee or member of a committee is not the grant of a benefit for the purpose of rule D14.
- D26
- D26.1 The board may, upon such terms as it thinks fit, authorise any matter which would or might, if not so authorised, create, perpetuate or involve a situation where a board member's duties to a third party may conflict with that board member's duties to the association.
- D26.2 The board may revoke or vary such authorisation at any time, but this will not affect anything done by the relevant board member prior to such revocation or variation which was in accordance with the terms of the prior authorisation.
- D26.3 Any authorisation given under D26.1 shall only be effective if any quorum requirements for the meeting are met without counting the board member in question.
- D26.4 A board member may, notwithstanding their office, or that such situation or interest may conflict with the interest of or their duties to the association, be a board member, or other officer of, or employed by or a resident of, or otherwise interested in any other group member.
- D26.5 A board member may make full disclosure of any information relating to the association to any other group member or any other person acting on behalf of any other group member, including their advisers). In addition, a board member may make full disclosure of any information relating to any other group member to the association or any other person acting on the association's behalf (including their

- advisers).
- D26.6 If notwithstanding rule D26.5 a board member obtains information which is confidential to another group member, or in respect of which they owe a duty of confidentiality to another group member, or where the disclosure of any confidential information would amount to a breach of a law or regulation, the board member is entitled not to disclose it to the association or use it in relation to the association's affairs.
- D26.7 Subject to any applicable law or regulation, the board may authorise full or partial disclosure of any or all information relating to the association or any other group member to a third party who is not a group member on such terms, and in such circumstances, as it thinks fit.
- D26.8 In this rule D26, a **conflict** means a conflict of interest and duty and a conflict of duties, and **interest** includes both direct and indirect interests.

### **Meetings of the board**

- D27 The board shall meet at least three times every calendar year. At least seven days' written notice (sent by post, fax or electronic communication) of the date and place of every board meeting shall be given by the secretary to all board members and co-optees. The board may meet on shorter notice where not less than seventy-five per cent of the board members so agree.
- 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. Pursuant to the request, the secretary shall call a meeting on at least seven days' notice but not more than fourteen days' notice to discuss the specified business. If the secretary fails to call such a meeting then the chair 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 under written terms of reference to a committee or committees or to an officer or officers or any employee or employees. Those powers shall be exercised in accordance with any written instructions given by the board.
- D30 The membership of any committee shall be determined by the board. Every committee shall include at least one member of, or co-optee to, the governing body of a group member. The board will either appoint the chair of any committee or determine a procedure for the committee to appoint its own chair. The board shall specify the quorum of each committee.
- D31 All acts and proceedings of any committee shall be reported to the board.
- D32 No committee can incur expenditure on behalf of the association unless at least one member of, or co-optee to, the board on the committee has voted in favour of the resolution or the board has previously approved a budget for the relevant expenditure or it has been approved in accordance with any written delegations of the association.
- D33 For the purposes of the 2008 Act any member of a committee shall be an officer.

### **Miscellaneous provisions**

- D34 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.
- D35 A resolution in writing sent to all board members or all members of a committee and signed, or confirmed electronically by three-quarters of the board members or three-quarters of the members of that committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the board or that committee and may consist of documents in the same form and signed or confirmed electronically by one or more persons.

- D36 Meetings of the board or a committee can take place in any manner and through any medium which permits those attending to hear and comment on the proceedings. Any person who attends in this manner will be deemed to be present at the meeting and whether or not all are assembled in one place.
- D37 Notice may be given to board members by post, fax or electronic communication at the last address for such communication given to the secretary in accordance with rule G16. 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.
- D38 The board may, by power of attorney or otherwise, appoint any person to be the agent of the association for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of their powers.

**PART E CHAIR, VICE CHAIR(S), CHIEF EXECUTIVE, SECRETARY AND OTHER OFFICERS**

**The chair**

- E1 The association shall have a chair, who shall chair board meetings, and shall be elected by the board on such terms as the board determines. The association may also have one or more vice chairs who shall be elected by the board on such terms as the board determines. In the chair's absence, one of the vice chairs (as determined by the board), shall act as the chair and have the chair's powers and duties. The arrangements for election and removal of any vice chair shall be determined by the board.
- E2 The first item of business for any board meeting when there is no chair (or vice chair) or neither the chair nor any vice chair is present shall be to elect the chair for that meeting. The chair and any vice chair(s) shall each at all times be a shareholder and a board member and for the avoidance of doubt, may not be an employee.
- E3 In a case of any equality of votes, the person acting as chair of the board meeting shall have a casting vote.
- E4 The chair or any vice chair of the association may be removed at a board meeting called for that purpose provided the resolution is passed by at least two-thirds of the members of the board present and voting at the meeting.

**The chair's responsibilities**

- E5 The chair shall seek to ensure that:
- E5.1 the board's business and the association's general meetings are conducted efficiently; and
  - E5.2 all board members are given the opportunity to express their views.

**The chief executive**

- E6 The association may have a chief executive appointed by the board. The chief executive shall be appointed with a written and signed contract of employment, which shall include a clear statement of the duties of the chief executive.

**The secretary**

- E7 The association shall have a secretary who shall be appointed by the board and who may be an employee. The board may also appoint a deputy secretary (who may also be an employee) to act as secretary in the secretary's absence. The secretary shall in particular:
- E7.1 summon and attend all meetings of the association and the board and keep the minutes of those meetings;
  - E7.2 keep the registers and other books determined by the board;
  - E7.3 make any regulatory returns on behalf of the association to the regulator and registrar;
  - E7.4 have charge of the seal (if any) of the association; and

E7.5 be responsible for ensuring the compliance of the association with these rules.

#### **Other officers**

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

#### **Miscellaneous**

E9 Every officer or employee shall be indemnified by the association for any amount reasonably incurred in the discharge of their duty.

E10 Except for the consequences of their own dishonesty or negligence no officer or employee shall be liable for any losses suffered by the association or any group member.

### **PART F**

### **FINANCIAL CONTROL AND AUDIT**

#### **Auditor**

F1 The association, if required by law to do so, shall appoint a firm of auditors to act in each financial year. They must be qualified as provided by Section 7 of the Friendly and Industrial and Provident Societies Act 1968 as amended by the Companies Acts 1985-2006.

F2 The following cannot act as auditor:

F2.1 an officer or employee of the association; or

F2.2 a person employed by or employer of, or the partner of, an officer or employee of the association.

F3 The association's auditor may be appointed by the board or by a resolution of shareholders.

F4 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 shall not act; or

F5.2 the auditor does not want to act and has told the association so in writing; or

F5.3 the person is not qualified or falls within rule F2; or

F5.4 the auditor has become incapable of acting; or

F5.5 notice under rule F5.1 of intention to pass a resolution to appoint another auditor, or that the auditor shall not act, 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 The association shall send a copy of the resolution to the retiring auditor and also give notice to its shareholders at the same time and in the same manner, if possible.

F6.3 If it is not possible to give the notice referred to in rule F6.2 as specified in that rule, the association shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to the association which must be notified to its shareholders under Section 6 of the Friendly and Industrial and Provident Societies Act 1968.

#### **Auditor's duties**

F7 The findings of the auditor shall be reported to the association, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968.

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 the association 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 The association shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968.
- F11 The association shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

#### **Annual returns and balance sheets**

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

#### **Borrowing**

- F13 The total borrowings of the association at any time shall not exceed £5,000,000,000 (five billion) pounds sterling or such a larger sum as the association determines from time to time in general meeting. For the purpose of this rule F13, any amount of the association's borrowings in any currency other than pounds sterling (as may be permitted or not prohibited by the regulator from time to time) shall be converted to sterling at the exchange rate or rates applicable under the related derivative transaction or transactions by which the association has hedged its exposure to currency exchange rate movements in relation to the principal amount of such borrowings.
- 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 and in relation to the amount remaining undischarged of any deferred interest or index-linked monies or amounts on any deep discounted security previously borrowed by the association, the amount of such pre-existing borrowing shall be deemed to be the amount required to repay such pre-existing borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing.
  - F15.2 For the purposes of rule F14 in respect of any proposed borrowing intended to be on deferred interest or index-linked terms or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such proposed borrowing receivable by the association at the time of the proposed borrowing.
  - F15.3 No person dealing in good faith with the association shall be concerned to know whether rule F13 or F14 or this rule F15 have been complied with.
- F16
  - F16.1 The association shall have the power to enter into and perform a derivative transaction, or series of derivative transactions, where the board (or a duly authorised officer, employee or committee established under the rules) considers entry by the association into such transaction(s) to be in the best interests of the association.
  - F16.2 A person entering into a derivative transaction with the association who has received a written certificate signed by the secretary confirming the association's compliance with this rule F16 shall not be concerned to enquire further whether or not the association has complied with the provisions of this rule F16 and such transaction shall be valid at the date that it is entered into and throughout its term in favour of such person (or any assignee or successor in title) whether or not the provisions of this rule F16 have been complied with.



### **Investment**

- F17 The funds of, or monies borrowed by, the association may be invested by the board in such manner as it determines.

### **PART G**

### **MISCELLANEOUS AND STATUTORY**

#### **Registered office and name**

- G1 The association's registered office is:

**130-136 Sydenham Road, London SE26 5JY**

- G2 The association's registered name must:

- G2.1 be placed prominently outside every office or place of business; and
- G2.2 be engraved on its seal; and
- G2.3 be stated on its business letters, notices, advertisements, official publications, cheques, invoices, website and any other formal corporate communication whether electronic or otherwise.

#### **Disputes**

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

#### **Minutes, seal, registers and books**

- G4 The minutes of all general meetings and all board and committee meetings shall be recorded, agreed at the relevant subsequent meeting and signed by the chair of the subsequent meeting and stored safely.
- 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 by law.
- G6 The association must keep at its registered office:
- G6.1 the register of shareholders showing:
    - the names and addresses of all the shareholders and
    - a statement of all the shares held by each shareholder and the amount paid for them and
    - a statement of other property in the association held by the shareholder and
    - the date that each shareholder was entered in the register of shareholders;
  - 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; and
  - G6.6 a copy of the rules of the association.

- G7 The association must display a copy of its latest balance sheet and auditor's report from its latest annual audited accounts at its registered office.
- G8 The association shall give to all shareholders on request copies of its last annual return with the auditor's report (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 the association to any person on demand who pays such reasonable sum as permitted by law.

#### **Statutory applications to the registrar**

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

#### **Amendment of rules**

- G12 G12.1 The rules of the association may be rescinded or amended, but not so as to stop the association being a charity.
- G12.2 Subject to rules G12.1 and G12.3, the rules of the association may only be amended by a resolution put before a general meeting by the board and where each amendment has been approved by at least two-thirds of the board members voting on such approval.
- G12.3 Rules A2; A3; A4; B1; B2; B3; C2; C3; D13; D27; G12 and G14 can only be amended or rescinded by way of a written resolution or by three-fourths of the votes cast at a general meeting. Any other rule can be rescinded or amended by two-thirds of the votes cast at a general meeting or by way of a written resolution.
- 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 The association may be dissolved by a three-fourths majority of shareholders who sign an instrument of dissolution in the prescribed format by winding-up under the Act.
- G14 G14.1 Any property that remains, after the association is wound-up or dissolved and all debts and liabilities dealt with, the shareholders may resolve to give or transfer to another charitable group member or group members with objects similar to those of the association in such proportion as the association may determine or to another charitable body with objects similar to those of the association.
- G14.2 If no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust.
- G14.3 If the association is registered as a provider of social housing with the regulator any transfer or gift is governed by the 2008 Act.

#### **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 and references to any provision in any act shall include reference to such provision (and to any orders or regulations made under such provision) in each case

- as from time to time amended, varied, replaced, extended or re-enacted;
- G15.4 any reference to a body include a reference to any successor body carrying out any relevant functions from time to time;
- G15.5 **2008 Act** means the Housing and Regeneration Act 2008;
- G15.6 **Act** shall mean the Industrial and Provident Societies Act 1965 to 2002, the Co-Operative and Community Benefit Societies Act 2003 and the Co-Operative and Community Benefit Societies and Credit Unions Act 2010;
- G15.7 **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;
- G15.8 **association** shall mean the association of which these are the registered rules;
- G15.9 **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 D4;
- G15.10 **chair** shall, save in rule E1 and where applicable, include the vice chair(s);
- G15.11 **derivative transaction** means any transaction which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of these transactions and includes without limitation any contract for differences as defined in the glossary in the Full Handbook as published by the Financial Services Authority from time to time;
- G15.12 **employee** means a person who is an employee of a group member;
- G15.13 **group** means at any time all entities which are group members;
- G15.14 **group member** means the association, each subsidiary of the association, any associate of the association, any body corporate of which the association is a subsidiary and any subsidiary or associate of such body corporate, and for this purpose **associate** and **subsidiary** have the meanings given by the 2008 Act;
- G15.15 **officer** shall include the chair and secretary of the association and any board member for the time being and such other persons as the board may appoint under rule E8;
- G15.16 **property** shall include all real and personal estate (including loan stock certificates, books and papers);
- G15.17 **register of shareholders** means the register kept in accordance with rule G6.1;
- G15.18 **registrar** means the Financial Services Authority or any statutory successor to or any assignee of any or all of its relevant functions from time to time;
- G15.19 **regulator** means the body defined as the Office for Tenants and Social Landlords in and constituted under Part 2 of the 2008 Act or any statutory successor to or any assignee of any or all of its relevant functions from time to time;
- G15.20 **resident** means a person who alone or jointly with others holds a tenancy, lease or licence to occupy premises owned and/or managed by a group member for residential use;
- G15.21 **rules** shall mean the registered rules of the association for the time being;
- G15.22 **secretary** means the officer appointed by the board to be the secretary of the association or other person authorised by the board to act as the secretary's deputy;
- G15.23 **shareholder** shall mean one of the persons referred to in rule C4 and means **member** as defined by the Act;
- G15.24 **social housing** has the meaning given in sections 69 and 77 of the 2008 Act;
- G15.25 **special resolution** means a resolution at a general meeting passed by a two-thirds majority of all shareholders who vote in person or by proxy;
- G15.26 references to a registered provider of social housing include, where applicable, a registered social landlord;

G15.27 references to an industrial and provident society include, where applicable, a co-operative society or a community benefit society, as appropriate.

#### **Notices**

G16 A notice shall be deemed to have been delivered to or received by a person:

G16.1 two days after being posted by first class post; or

G16.2 if faxed or emailed, one hour after transmission provided that no transmission notification of non delivery or error has been received by the person transmitting the communication and the transmission is to the fax number or email address last notified by that person to the secretary;

G16.3 if delivered by hand, on delivery to that person's address last notified by that person to the secretary

provided that any letter sent by fax, email or personally which arrives after business hours or on a day which is not a business day shall be deemed to have been served at the opening of business on the next business day.

INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965

Acknowledgement of Registration of Society

Register No.....19128R

**Hexagon Housing Association Limited**

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

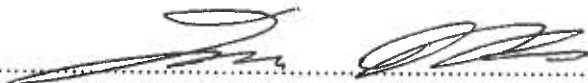
Dated ..... (Seal of Central Office)

Copy kept..... Registrar

1.  ..... Shareholder

2.  ..... Shareholder

3.  ..... Shareholder

 ..... Secretary