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NATIONAL
HOUSING
FEDERATION

RULES of: Aster Communities

*Registered under the Industrial &
Provident Societies Act 1965*

Register No. []

based on
MODEL RULES 2011
National Housing Federation

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Part A Name, status and objects

Name

- A1 The name of the society shall be Aster Communities (defined in these rules as the **association**).

Subsidiary status

- A2 The association is a subsidiary of Aster Group Limited (defined in the rules as the **parent**)

Objects

- A3 The association is formed for the benefit of the community. Its objects shall be to carry on for the benefit of the community:
- A3.1 the business of providing social housing, other housing, accommodation, and assistance to help house people and associated facilities and amenities and services for the poor or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;
- A3.2 any other charitable object not prohibited for an Industrial and Provident Society registered as a non-profit registered provider of social housing with the Regulator.

Non-profit

- A4 The association shall not trade for profit.
- A5 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 take or grant any interest in land, including any mortgage, charge, floating charge or other security whatsoever, or carry out works to buildings;
- B2.2 help any charity or other body not trading for profit;
- B2.3 subject to rules F12, F13 and F14 borrow money or issue bonds, notes, loan stock or any other debt instrument or enter into any transaction having the effect of borrowing for the purposes of the association on such terms as the association thinks fit;
- B2.4 subject to rule F15 invest funds of the association;
- B2.5 lend money to and/or borrow money from any other group member on such terms as the association shall think fit;
- B2.6 guarantee, enter into any contract of indemnity or suretyship in relation to, or provide security for, the borrowings or performance of the obligations of any

other organisation in each case on such terms as the association shall think fit; and

B2.7 enter into and perform any derivative transaction on such terms as the association thinks fit for the purpose of hedging or otherwise managing any treasury risk or other exposure of the association.

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 in accordance with rules D26-D30. 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.

B9 A person acting in good faith who does not have actual notice of these rules or any regulations shall not be obliged to see or enquire if the board's powers are restricted by these rules or such regulations.

Part C Shareholders and general meetings

Obligations of shareholders

C1 All shareholders agree to be bound by the obligations on them as set out in these rules. When acting as shareholders they shall act at all times in the interests of 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 his or her share shall be cancelled. The amount paid up shall become the property of the association.

Nature of shareholders

- C4 A shareholder of the association is a person whose name and address is entered in the register of shareholders. The parent and, subject to rule C5, the board members from time to time shall be shareholders together with any other person admitted as a shareholder from time to time. Board members shall become shareholders on appointment as board members. The initial shareholders shall also be shareholders.
- C5 The following cannot be shareholders:
- C5.1 a minor; or
 - C5.2 a person who has been expelled as a shareholder, unless authorised by special resolution at a general meeting; or
 - C5.3 an employee of the association or of any other group member.
- C6 No shareholder shall hold more than one share and each share shall carry only one vote.
- C7 The parent shall appoint a representative to exercise its rights at general meetings. Any such appointment shall be in writing and given to the secretary.

Admission of shareholders

- C8 The board shall agree its policies and objectives for admitting new shareholders. The board shall only admit new shareholders in accordance with such policies.
- C9 An applicant for a share shall apply in writing to the association's registered office:
- C9.1 setting out their reasons for applying and their qualifications in accordance with the association's policies; and
 - C9.2 pay the sum of one pound (which shall be returned to them if the application is not approved).
- C10 Every application shall be considered by the board in accordance with rule C9. The board has the power in its absolute discretion to accept or reject the application. If the application is approved by the board the name of the applicant and the other necessary particulars shall be entered in the register of shareholders. One share in the association shall be issued to the applicant.

Ending of shareholding

- C11 A shareholder shall cease to be a shareholder if:
- C11.1 they die; or
 - C11.2 they are expelled under rule C12; or
 - C11.3 they withdraw from the association by giving notice, which shall be effective on receipt by the secretary; or
 - C11.4 except for the parent and any shareholder who is a board member, they do not participate in, nor deliver written apologies in advance to, any general meeting of the association in the period starting with one annual general meeting up to and including the next annual general meeting; or

- C11.5 they cease to be eligible to be a shareholder under rule C5; or
- C11.6 they are a tenant of the association and in the opinion of the board are in material or serious breach of their tenancy agreement or lease; or
- C11.7 they are a board member and cease to be a board member for any reason.

- C12 A shareholder (except for the parent who may never be expelled) may be expelled by a special resolution at a special general meeting called by the board:
- C12.1 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.
 - C12.2 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.
 - C12.3 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 meetings

- C13 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.
- C14 The functions of the annual general meeting shall be:
- C14.1 to receive the annual report which shall contain:
 - the revenue accounts and balance sheets (or other statement of the financial position of the association however named) for the last accounting period;
 - the auditor's report (if one is required by law) on those accounts and balance sheets;
 - the board's report on the affairs of the association;
 - C14.2 to elect board members;
 - C14.3 subject to rules F3 and F4 to appoint the auditor (if one is required by law);
 - C14.4 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

- C15 All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- C15.1 upon an order of the board; or
 - C15.2 upon a written requisition signed by one-tenth of the shareholders (but not less than three) stating the proposed resolutions for which the meeting is to be convened; or
 - C15.3 upon a written requisition of the parent; and

if within twenty-eight days after delivery of a requisition to the secretary a meeting is not convened, the shareholders who have signed the requisition, or the parent if the parent requested the meeting, may convene a meeting in accordance with rule D17.1.

- C16 A special general meeting shall not transact any business that is not set out in the notice convening the meeting.

Calling a general meeting

- C17 C17.1 Subject to rule C17.2, all general meetings shall be convened by at least fourteen clear days' written notice posted or delivered by hand or sent by electronic communication to every shareholder at the address, or electronic communication address given in the share register. The notice shall state whether the meeting is an annual or special general meeting and the time, date and place of the meeting, and the business for which it is convened.
- C17.2 Three quarters of all shareholders may agree by consenting in writing or by electronic communication to a general meeting being held on less than fourteen clear days' notice.
- C18 Any accidental failure to get any notice to any shareholder, shall not invalidate the proceedings at that general meeting. A notice or communication sent by post to a shareholder at their address shown in the register of shareholders shall be deemed to have arrived as specified in rule G15.13.

Proceedings at general meetings

- C19 Before any general meeting can start its business there must be a quorum present. A quorum is six shareholders (present in person or by proxy) which must include the parent.
- C20 A meeting held as a result of a shareholder's requisition will be dissolved if too few shareholders are present half an hour after the meeting should begin.
- C21 All other general meetings with too few shareholders will be adjourned to the same day, at the same time and place in the following week. If too few shareholders are present within half an hour of the time the adjourned meeting should have started, those shareholders present shall carry out the business of the meeting.
- C22 The chair of any general meeting can:
- C22.1 take the business of the meeting in any order that the chair may decide; and
- C22.2 adjourn the meeting if the parent and a majority of the shareholders present in person or by proxy agree. An adjourned meeting can only be held if a representative of the parent is present and 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.
- C23 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

- C24 Any shareholder entitled to attend and vote at a general meeting may appoint another person as their proxy to attend and vote on their behalf. A proxy can be appointed by delivering a written appointment (which may be electronic) to the registered office by no later than 12 noon two business days before the date of the meeting at which the proxy is authorised to vote. It must be signed or confirmed electronically 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. A proxy must be a shareholder of the association.

Voting

- C25 Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed, be decided upon a show of hands.
- C26 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.
- C27 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.
- C28 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.
- C29 A ballot on a resolution may be demanded by the parent or 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.
- C30 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.
- C31 A resolution in writing signed or approved by letter or 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 C32 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.
- C32 For the purposes of rule C31 the requisite majorities are:

- 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;
- 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
- 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 which shall direct the affairs of the association in accordance with its objects and rules and ensure that its functions are properly performed. Amongst its functions shall be to:

- D1.1 set and ensure compliance with the values, vision mission and strategic objectives of the association, ensuring its long term success;
- D1.2 appoint, and if necessary, dismiss the managing director and approve his or her salary, benefits and terms of employment;
- D1.3 satisfy itself as to the integrity of financial information, approving each year's budget and business plan and annual accounts prior to publication;
- D1.4 establish, oversee and review annually a framework of delegation and systems of internal control;
- D1.5 establish and oversee a risk management framework in order to safeguard the assets of the association;
- D1.6 take appropriate advice;
- D1.7 ensure at all times that the association if registered with the Regulator as a provider of social housing, takes account of any obligation imposed upon the association by the Regulator in exercise of its powers;
- D1.8 satisfy itself that the association's affairs are conducted in accordance with generally accepted standards of performance and propriety; and
- D1.9 establish and operate a performance appraisal system for the board, the chair and individual board members.

Composition of the board and appointment of board members

D2

The board shall consist of up to twelve board members (excluding co-optees) or such other number as may be determined by the board from time to time with the prior consent of the parent.

D3

- D3.1 On registration of the rules with the Registrar the board shall comprise those persons listed in rule G16. Such board members shall retire from office in accordance with rule G16 but may, subject to rule D3.6 be re-elected.
- D3.2 The nominating local authorities may (subject to rule D3.6) appoint one board member each to the board and shall have the right to remove their appointed board member at any time. Such appointment and removal shall be made by

the relevant nominating local authority on giving written notice to the secretary at the association's registered office and shall become effective upon receipt of such notice by the secretary or such other date as stated in the notice. In selecting persons for appointment as board members the nominating local authorities shall work with the association to ensure that persons nominated have the skills, quality and experience required by the board amongst its members.

- D3.4 All other board members appointed after the date of registration of these rules with the Registrar shall be elected for a term starting at the end of the annual general meeting at which they are appointed and expiring at the end of the third annual meeting following that appointment (save where the board sets a shorter term prior to their election). At the end of such a term of office a board member may, subject to rule D3.6, be re-elected.
- D3.3 Prior to each annual general meeting at which elected board members are due to retire, candidates for election will be selected in accordance with a policy relating to the recruitment of board members adopted by the board from time to time.
- D3.4 If at an annual general meeting the candidates for election as board members do not exceed the number of vacancies for board members on the board, the chair shall declare those candidates to have been duly elected. If the number of such candidates exceeds the number of vacancies the meeting shall elect the board members by ballot in such a manner as the chair directs.
- D3.5 The board shall have the power to appoint a board member to fill a casual vacancy. Such a board member shall retire at the end of the annual general meeting following their appointment.
- D3.6 Save for any board member who is an employee of any group member, any retiring board member having completed nine or more years' continuous service on the board shall not be eligible for reappointment as a board member. In respect of any board member who was a board member of a predecessor organisation on the date of registration of the association with the Registrar, time served on the predecessor organisation board shall count towards this nine years.
- D3.5 The parent may appoint or remove any or all board members (and any co-optees) at any time. Such appointment or removal shall be effected immediately on receipt of notice in writing delivered to the registered office of the association, and any such notice shall be deemed to have been received as specified in rule G15.13.

- D4
 - D4.1 The board shall agree the obligations of every board member (which shall include expected standards of conduct) to the board and to the association. The board shall review and may amend the obligations of board members from time to time.
 - D4.2 Each board member shall sign a statement, confirming that they will meet their obligations to the board and to the association. The board may vary the form of statement from time to time.
 - D4.3 Any board member who has not signed such statement without good cause within one month of appointment to the board may be removed by a resolution of a majority of the other board members.

- D5 D5.1 The board may with the prior consent of the parent 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 shareholders.
- D5.2 The board may appoint or co-opt the association's senior executive officer (if any) and other directors provided they do not exceed one quarter of the total number of the board.
- D6 For the purposes of these rules and of the Act a co-optee is not included in the expression "board member" or "member of the board". For the purposes of the Housing and Regeneration Act 2008 a co-optee is an officer.
- D7 Not more than three co-optees can be appointed to the board or to any committee at any one time.
- D8 No one can become or remain a board member or a co-optee at any time if:
- D8.1 they are bankrupt or a composition has been made with their creditors generally;
- D8.2 they are disqualified from acting as a director of a company for any reason; or
- D8.3 they have been convicted of an indictable offence within the last five years or they have been convicted of any other offence which in the opinion of the board brings the association into disrepute or which is not considered by the board to be compatible with the role of board member, and the board resolves (by a two thirds majority) that they should be removed; or
- D8.4 they have absented themselves from four consecutive meetings of the board without special leave of absence from the board; or
- D8.5 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; or
- D8.6 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
- D8.7 they are a tenant, and in the opinion of the board they are in material or serious breach of their tenancy agreement or lease; or
- D8.8 they are an employee and their employment with the association or any other group member is terminated for any reason; or
- D8.9 they are removed or have previously been removed by the parent;
- 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.
- D9 A board member may be removed from the board by a resolution passed by three-quarters of the other board members 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 member's obligations in accordance with rule D4.1; and

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

Quorum for the board

- D10 D10.1 Subject to the provisions of rule D10.2 four board members, shall form a quorum. The board may determine a higher number.
- D10.2 The board is not quorate unless employees of the association or any other group member are in a minority.
- D10.3 If the number of board members falls below the number necessary for a quorum, the remaining board members may continue to act for a period of 12 months but shall use all reasonable endeavours to bring the number of board members up to that required by these rules. After that time the only power that board members may exercise is to appoint additional board members.

Board members' interests

- D11 No board member, co-optee or member of a committee (or connected person) may have any financial interest:
- D11.1 personally, or
- D11.2 as a member of a firm, or
- D11.3 as a director or senior employee (being an employee with managerial status) of a business trading for profit, or
- D11.4 in any other way whatsoever, save that there shall be deemed to be no financial interest in relation to shares except in the circumstances referred to in rule D20.4,
- in any contract or other transaction with the association, unless it is expressly permitted by these rules.
- D12 The association shall not pay or grant any benefit to anyone who is a board member or a co-optee or a member of a committee (or a connected person), unless it is expressly permitted by these rules.
- D13 The following are permitted, subject to compliance with rule D17:
- D13.1 The payment, to board members, co-optees and members of committees, of:
- (1) properly authorised expenses, when actually incurred on the association's business, and
 - (2) any remuneration as shall be approved by the board from time to time after obtaining advice from an independent remuneration committee or suitable external adviser, or by using published guidance and industry norms, and
- D13.2 The payment (directly or indirectly) of the costs associated with the procurement or the payment of insurance premiums in respect of insurance taken out to insure board members, co-optees, members of committees and employees against the cost of a successful defence to a criminal prosecution brought against them as officers or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or breach of duty, and
- D13.3 The payment of any sums incurred by the association pursuant to the indemnifications permitted under rule E9, and

- D13.4 To board members, co-optees or committee members (or connected persons) who are also employees of the association or of another group member, payments arising out of or in connection with their employment, and
- D13.5 Any benefits to board members, co-optees or committee members (or to connected persons) which are granted on the same terms and in accordance with the same criteria as they would be granted to any other beneficiary of the association.
- D14 A board member, co-optee or member of a committee shall be deemed not to have an interest for the purpose of rules D11, D17 or D20 or a conflict of loyalties for the purpose of rule D18 as a board member, director, employee, or officer of another group member.
- D15 Board members, co-optees or members of committees who are tenants shall be deemed not have an interest for the purpose of rules D11, D17 or D20 in any decision affecting all or a substantial group of tenants.
- D16 For the purposes of rule D17 the interest of a connected person shall be treated as the interest of the relevant board member, co-optee or member of a committee.
- D17 Any board member, co-optee or member of a committee having an interest in any arrangement with the association, or in any arrangement between the association and a third party, shall disclose their interest before the matter is discussed by the board or any committee. Unless it is expressly permitted by these rules, they shall not remain present unless requested to do so by the board or committee, and they shall not have any vote on the matter in question. For these purposes an individual board member, committee member or co-optee shall be deemed not to have an interest in relation to permitted benefits applying to the whole board or the whole committee as appropriate. 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.
- D18 If a potential or actual conflict of interest arises for a board member, co-optee or committee member because of a duty of loyalty owed to another organisation or person, and it is not otherwise permitted by these rules, the unconflicted board members and co-optees, or committee members, as appropriate, may authorise that conflict PROVIDED THAT no conflicted individual shall count in the quorum for such a decision. Such authorisation shall be on such terms and/or conditions as the board or committee (excluding any conflicted individuals) may determine, provided that such conditions shall include compliance with rule D17 when the authorised matter is discussed at any subsequent meetings.
- D19 If a board member receives or has received any information otherwise than by virtue of his position as a board member, co-optee or committee member, and in respect of this information s/he owes a duty of confidentiality to another person, the board member, co-optee or committee member is under no obligation:
- D19.1 to disclose any such information to the association, the board members or any other officer or employee of the association, nor
- D19.2 to use or apply any such information in connection with the performance of his or her duties in connection with the association,
- provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach of the duty to avoid conflicts of interests, this rule shall apply only if such situation or

relationship has been authorised under rule D18, or is otherwise permitted under these rules.

D20 Every board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of all other bodies in which they, and any connected persons, have an interest as:

D20.1 a director or officer, or

D20.2 as a member of a firm, or

D20.3 as an official or elected member of any statutory body, or

D20.4 as the owner or controller of more than 2% of a company the shares in which are publicly quoted or more than 10% of any other company, or

D20.5 as the occupier of any property owned or managed by any group member, or

D20.6 any other significant or material interest.

D21 No board member, co-optee or member of a committee shall be treated as having an interest of which that person has no knowledge and of which it is unreasonable to expect him or her to have knowledge.

D22 If requested by a majority of the other board members 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.

Meetings of the board

D23 The board shall meet at least four times every calendar year. At least seven clear days' written notice of the date and place of every board meeting shall be given by the secretary to all board members and co-optees. The board may meet on shorter notice where three-quarters of the board members so agree.

D24 Meetings of the board may be called by the parent, the secretary 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 within seven business days after receipt of such a request. The secretary shall call a meeting on at least seven but not more than fourteen days' notice to discuss the specified business. If the secretary fails to call such a meeting then the chair or two board members, whichever is the case, shall call such a meeting.

D25 Meetings of the board can take place in any manner which permits those attending to hear and comment on the proceedings.

Management and delegation

D26 The board may delegate any of its powers under written terms of reference to any other group member or to committees or to officers or employees of the association or any other group member. Those powers shall be exercised in accordance with any written instructions given by the board.

D27 The membership of any committee of the association shall be determined by the board. The board may appoint the chair of any committee of the association and shall specify the quorum.

D28 All acts and proceedings of any committee to which powers have been delegated under rule D26 shall be reported to the board.

- D29 No committee of the association can incur expenditure on behalf of the association unless at least one board member or co-optee of the board on the committee has voted in favour of the resolution and the board has previously approved a budget for the relevant expenditure.
- D30 For the purposes of the Housing and Regeneration Act 2008 any member of a committee shall be an officer.

Miscellaneous provisions

- D31 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.
- D32 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 a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the board or committee.
- D33 A board member acting in good faith shall not be liable to the association for any loss.
- D34 Notice may be given to board members by post or electronic communication at the last address for such communication given to the secretary. The accidental failure to give notice to a board member or the failure of the board member to receive such notice shall not invalidate the proceedings of the board.

Part E Chair, managing director, secretary and other officers

The chair

- E1 The association shall have a chair, who shall also at all times chair board meetings. The association may also have a vice chair who, in the chair's absence, shall act as chair and have the chair's powers and duties, and who shall also be appointed by the board.
- E2 The chair shall be appointed by the board and shall unless otherwise agreed by the board serve as chair for a fixed term of one year or until the chair resigns, ceases to be a board member or is removed as chair by the board under rule E4. The chair shall be eligible for reappointment at the end of the fixed term (but shall be subject to rule D3.6).
- E3 The chair shall at all times be a shareholder and a board member and cannot be an employee. In the case of any equality of votes the chair shall have a casting vote.
- E4 The chair may be removed at a board meeting called for that purpose provided the resolution is passed by at least two thirds of the other board members .

The chair's responsibilities

- E5 The board will ensure that there is a written statement of the chair's responsibilities, which shall be agreed with the parent and reviewed from time to time.

The managing director

- E6 The association may have a managing director who shall be appointed by the board with the prior written consent of the parent. The managing director shall be appointed on a written contract of employment, which shall include a clear statement of the duties of the managing director.

The secretary

- 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 to act as secretary in the secretary's absence for any reason. 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; and
 - E7.2 keep the registers and other books determined by the board; and
 - E7.3 make any returns on behalf of the association to the Registrar and the Regulator; and
 - E7.4 have charge of the seal 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 executives, 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 gross negligence no officer or employee shall be liable for any losses suffered by the association.

Part F Financial control and audit

Auditor

- F1 The association if required by law to do so shall appoint an auditor to act in each financial year. They must be qualified as provided by Section 7 of the Friendly and Industrial & Provident Societies Act 1968.
- F2 The following cannot act as auditor:
- F2.1 an officer or employee of the association;
 - F2.2 a person employed by or employer of, or the partner of, an officer or employee of the association.
- F3 An auditor may be appointed by the board or by resolution at a general meeting.
- F4 Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current year's as well unless:

- F4.1 a general meeting has appointed someone else to act or has resolved that the auditor cannot act; or
 - F4.2 the auditor does not want to act and has told the association so in writing or
 - F4.3 the person is not qualified or falls within rule F2 (above); or
 - F4.4 the auditor has become incapable of acting; or
 - F4.5 notice to appoint another auditor has been given.
- F5
- F5.1 Not less than twenty eight days' notice shall be given for a resolution to appoint another person as auditor, or to forbid a retiring auditor being re-appointed.
 - F5.2 The association shall send a copy of the resolution to the retiring auditor and also give notice to its shareholders at the same time and in the same manner, if possible.
 - F5.3 If not, the association shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to the association which must be notified to its shareholders under Section 6 of the Friendly and Industrial and Provident Societies Act 1968.

Auditor's duties

- F6 The findings of the auditor shall be reported to the association, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968.
- F7 The board shall produce the revenue account and balance sheet audited by the auditor, 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

- F8 The end of the accounting year must be a date allowed by the Registrar and shall if permitted be 31 March.
- F9 The association shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968.
- F10 The association shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

Annual returns and balance sheets

- F11 Every year, within the time specified by legislation, the secretary shall send the association's annual return to the Registrar. The return shall be up-to-date to the time specified in the Act, or such other date allowed by the Registrar. The annual return shall be accompanied by the auditor's reports, if required, for the period of the return and the accounts and balance sheets to which it refers.

Borrowing

- F12 The total borrowings of the association at any time shall not exceed £2,500 million (two thousand five hundred million pounds) or such a larger sum as the association

determines from time to time in general meeting. For the purpose of this rule F12, any amount of the association's borrowings in any currency other than pounds sterling 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.

- F13 The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the board, is reasonable having regard to the terms of the loan. The board may delegate the determination of the said interest rate within specified limits to an officer, board member or a committee.
- F14 F14.1 In respect of any proposed borrowing, for the purposes of rule F12, the amount remaining un-discharged of any deferred interest or index-linked monies previously borrowed by the association or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and
- F14.2 For the purposes of rule F12 in respect of any proposed borrowing intended to be on index-linked terms or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such proposed borrowing receivable by the association at the time of the proposed borrowing; and
- F14.3 No person acting in good faith with the association shall be concerned to know whether rules F12 or F13 or this rule F14 have been complied with.

Investment

- F15 The funds of the association may be invested by the board in such manner as it thinks fit.

Part G Miscellaneous and statutory, registered office and name

- G1 The association's registered office is:
Sarsen Court
Horton Avenue
Cannings Hill, Devizes, Wiltshire
SN10 2AZ
- G2 The association's registered name must:
- G2.1 be placed prominently outside every office or place of business; and
- G2.2 be engraved on its seal; and
- G2.3 be stated on its business letters, notices, adverts, official publications, cheques and invoices.

Disputes

- G3 Any dispute on a matter covered by these 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 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 by the relevant subsequent meeting and signed by whoever chairs the meeting and kept safe.
- G5 The secretary shall keep the seal. It shall not be used except under the board's authority. It must be affixed by one board member signing and the secretary countersigning or in such other way as the board resolves. The board may in the alternative authorise the execution of deeds in any other way permitted.
- G6 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.
- G6.6 a copy of the rules of the association.
- G7 The association must display a copy of its latest balance sheet and auditors report (if one is required by law) 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 Shareholders can apply to the Registrar in accordance with the Act to appoint an accountant to inspect the books of the association, provided all applicants 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 have the affairs of the association inspected or to call a general meeting. One-tenth of the shareholders must make the application.

Amendment of rules

- G12
- G12.1 The rules of the association may be rescinded or amended but not without the consent of the parent and not so as to stop the association being a charity.
 - G12.2 The rules of the association may only be amended by a resolution put before shareholders by the board and approved by at least two thirds of the board beforehand.
 - G12.3 Any rule can be rescinded or amended by three quarters of the votes cast at a general meeting. Alternatively any rule can be amended or rescinded by way of a written resolution under rule C31 requiring a three quarter majority.
 - 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 as required by the Act or 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 any other charitable body with objects similar to that 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 is a non-profit provider of social housing with the Regulator any transfer or gift is governed by section 167 of the Housing and Regeneration Act 2008.

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 **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;

- G15.4 **the association** shall mean the association of which these are the registered rules;
- G15.5 **board** shall mean the board appointed in accordance with Part D and "board member" or "member of the board" shall mean a member of the board for the time being but shall not include a person co-opted to the board under rule D5;
- G15.6 **business day** shall mean Monday to Friday (inclusive) but excluding bank holidays;
- G15.7 **clear days**, in respect of notice for a meeting, shall mean a period calculated excluding both the day on which any notice or communication is deemed to be received under these rules and the date of the meeting;
- G15.8 **connected person** shall mean in relation to a board member, co-optee, or committee member (the **relevant individual**) any person or business whose relationship with the relevant individual is sufficiently close that a benefit to that person or business could or could to a reasonable observer be thought to give a benefit to the relevant individual and the following will be deemed to fall within this:
- 1 a person who is:
 - (a) a child, parent, grandchild, grandparent, brother or sister of a relevant individual;
 - (b) the spouse or civil partner of a relevant individual or person living with a relevant individual as their partner
 - (c) the spouse or civil partner of any person falling within subparagraph or any person living with such as their partner;
 - 2 (any company or business (excluding any public body or not for profit organisation) which is controlled:
 - (a) by a relevant individual or any person falling within 1 above, or
 - (b) by two or more such persons taken together; or
 - 3 any company or business (excluding any public body or not for profit organisation) in which:
 - (a) the relevant individual or any person falling within paragraph 1 above has a substantial interest, or
 - (b) two or more such persons, taken together, have a substantial interest;
- and for the purposes of 3 above, substantial interest shall mean more than 2% of the voting rights or share capital in a publicly quoted company or more than 10% of any other company;
- G15.9 **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;
- G15.10 **group member** shall mean the association, the parent and any subsidiary of the parent;

- G15.11 **initial shareholders** shall mean those persons who were shareholders of a predecessor organisation on the date on which the association was registered by the Registrar;
- G15.12 **nominating local authorities** shall mean Mendip District Council, Test Valley Borough Council and Wiltshire Council;
- G15.13 notice shall be deemed to have been received by a person:
- i if posted by first class post at least two business days after being posted;
 - ii if sent by electronic communication, 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 electronic communication address last notified by that person to the secretary;
 - iii if delivered by hand, on delivery to the person's address last notified by that person to the secretary;
- G15.14 **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;
- G15.15 **parent** means Aster Group Limited, an industrial and provident society number 29573R or any other corporate body;
- (1) to whom the parent transfers the whole of its engagements pursuant to the relevant provisions of the Act; or
 - (2) formed as a result of an amalgamation, pursuant to the relevant provisions of the Act, of the parent and one or more other corporate bodies;
- G15.16 **predecessor organisation** shall mean any of Sarsen Housing Association Limited, Flourish Homes Limited and Testway Housing Limited;
- G15.17 **property** shall include all real and personal estate (including loan stock certificates, books and papers);
- G15.18 **register of shareholders** means the register kept in accordance with rule G6.1;
- G15.19 **Registrar** shall mean the Financial Services Authority or any similar future authority carrying on substantially the same functions;
- G15.20 **Regulator** shall mean the Office for Tenants and Social Landlords (also known as the Tenant Services Authority) or any similar future authority carrying on substantially the same regulatory or supervisory functions;
- G15.21 **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;
- G15.22 **shareholder** shall mean one of the persons referred to in rule C4 and means **member** as defined by the Act;
- G15.23 **social housing** shall bear the meaning given to it in sections 68-70 of the Housing and Regeneration Act 2008;

- G15.24 **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.
- G15.25 **subsidiary** shall bear the meaning given by section 271 of the Housing and Regeneration Act;
- G15.26 **tenant** means a person who alone or jointly with others hold a tenancy, lease or licence to occupy the premises of any group member for residential use;
- G15.27 **the Act** shall mean the Industrial and Provident Societies Acts 1965 to 2002;
- G15.28 **these rules** shall mean the registered rules of the association for the time being;
- G15.29 references to any provision in any Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision.

Board members on registration of these rules

- G16 The board members on registration of these rules with the Registrar are listed below together with the date on which they shall retire as board members (subject to re-election under rule D3.6).

Anthony Brooks	until the conclusion of the AGM in 2012
Debbie Cattell	until the conclusion of the AGM in 2013
Susan Dear	until the conclusion of the AGM in 2014
Ken Johnson	until the conclusion of the AGM in 2014
Erfana Khan	until the conclusion of the AGM in 2012
John McGibbon	until the conclusion of the AGM in 2013
Rita Sammons	until the conclusion of the AGM in 2014

INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965

Acknowledgement of registration of society


Register No.....R

Aster Communities

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

Financial Services Authority

Form B
R/IP/RA/2
208S



INDUSTRIAL AND PROVIDENT SOCIETIES ACT 1965

Acknowledgement of Registration of Society

Register No. **31530 R**

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

Date: **01 February 2012**

Financial Services Authority
25 The North Colonnade
Canary Wharf
London, E14 5HS

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