

Constitution of United Housing Co-operative Ltd

Victorian Co-operative No G0010006L
ABN 47 870 380 676

A non-distributing co-operative with share capital
under the Co-operatives National Law 2012 applying under the
Co-operatives National Law Application Act 2013 (Vic).

**Registered Office: 1a Ballarat Street
Yarraville, Victoria 3013**

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Part 1 Preliminary

1. Application of these rules

These rules are the rules of the United Housing Co-operative Ltd.

2. Definitions

(1) In these rules:

ballot paper means a ballot paper in paper or electronic form.

board means the board of the co-operative.

co-operative means United Housing Co-operative Ltd ABN 47 870 380 676 of 1A Ballarat Street, Yarraville, Victoria, 3013, being a non-distributing co-operative with share capital under the Law.

director means a director of the co-operative.

Director of Housing means the Director of Housing under the Housing Act.

Housing Act means the Housing Act 1983 (Vic).

Law means the Co-operatives National Law as applying in this jurisdiction.

member means a member of the co-operative.

member director means a member director as defined in section 174 of the Law and elected as a director under rule 45(1)(a).

National Regulations means the Co-operatives National Regulations as applying in this jurisdiction.

non-member director means a non-member director as defined in section 174 of the Law and appointed under rule 45(1)(b).

Registrar means the Registrar of Housing Agencies under the Housing Act.

standard postal times means the times when properly addressed and prepaid letters would be delivered in the ordinary course of post.

(2) Except so far as the contrary intention appears in these rules, words and expressions used in these rules have the same meanings as they have, from time to time, in the Law or relevant provisions of the Law.

3. Name of the co-operative (Law ss220–222 & 224)

The name of the co-operative is United Housing Co-operative Ltd.

3A. Powers of the co-operative (Law ss38-39)

- (1) Solely for the purpose of carrying out the primary activities set out in rule 4(1), the co-operative may, in any manner permitted by the Law:
 - (a) exercise any power;
 - (b) take any action; and
 - (c) engage in any conduct or procedure,which under the Law a co-operative may exercise, take or engage in if authorised by its rules.
- (2) Without limiting subrule (1), the co-operative may:
 - (a) acquire, by way of purchase, lease, transfer or otherwise, real property;
 - (b) dispose of any real property, subject to the consent of the Director of Housing under section 109 of the Housing Act;
 - (c) provide security for the payment of money, subject to the consent of the Director of Housing under section 109 of the Housing Act;
 - (d) apply for and accept, grants or loans from any Federal, State or local government or authority;
 - (e) enter into contracts and joint ventures with any public or private entity; and
 - (f) do anything incidental to or in furtherance of its purpose set out in rule 4(1).
- (3) The co-operative must not act as trustee for any person other than a registered agency (as defined in the Housing Act) without the written approval of the Registrar under section 82 or 103 of the Housing Act.
- (4) Despite subrules (1) and (2), the co-operative does not have the power to issue debentures or co-operative capital units.

Part 2 Membership

Division 1 Membership generally

4. Primary activity and active membership provisions (Law ss112(2), 144, 148 & 156–166)

(1) Primary activity

For the purposes of Part 2.6 of the Law, the primary activity of the co-operative is to exclusively pursue the following charitable and benevolent purposes:

- (a) to provide secure and affordable housing to low-income households (and similar persons); and
- (b) to promote other purposes beneficial to the community through the provision of affordable housing and associated services.

(2) Active membership requirements

A member must:

- (a) enter into and comply with an active membership agreement between the co-operative and the member in the form determined by the board (which must be substantially in the form annexed to this constitution) so that the member commits to:
 - (i) attending the specified number of general meetings, board meetings (as observer during the first 12 months of their membership) and annual policy forums; and
 - (ii) actively participating in a board committee or specified group activities or other activities approved by the board,

subject to exceptions determined by the board including:

- (iii) leave following active participation as a director;
 - (iv) leave from attending general meetings as approved by the board; and
 - (v) leave for medical reasons approved by the board or when reaching the age of 65;
- (b) enter into and maintain a tenancy agreement between the co-operative and the member,

to establish and maintain active membership of the co-operative.

Note. Failure to maintain active membership may lead to cancellation of membership (see rule 21).

5. Qualifications for membership (Law s112)

A person qualifies for membership of the co-operative if the person qualifies for housing assistance under government regulations adopted by the board or other requirements to be a low-income household determined by the board. The board (and any relevant committees) must follow due process when assessing whether a person qualifies for membership of the co-operative.

6. Entry fees and regular subscriptions (Law s124)

- (1) The entry fee for an application for membership is nil.

- (2) The regular subscription (also known as a periodic membership fee) is nil.

7. Membership applications

- (1) Applications for membership must be lodged at the registered office in the application form approved by the board, and should be accompanied by payment for allotment of the minimum number of shares in the co-operative as specified in rule 16.
- (2) Every proper application must be considered by the board.
- (3) If the board approves the application, the applicant's name and any other information required under the Law must be entered in the register of members within 28 days of the board's approval.
- (4) The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.
- (5) The board may, at its discretion, refuse an application for membership.
- (6) On refusal any amounts accompanying the application for membership must be refunded within 28 days without interest.

8. Cessation of membership (Law s117)

- (1) A person ceases to be a member in any of the following circumstances:
 - (a) if the membership ceases in any circumstances specified in section 117 of the Law;
 - (b) if the member's total shareholding is transferred to another person and the transferee is registered as the holder of the shareholding; or
 - (c) if the member's total shareholding is forfeited under the Law or these rules.
- (2) If a person ceases to be a member, he or she also ceases to be entitled to receive housing accommodation from the co-operative.

9. Expulsion of members (Law s117)

- (1) A member may be expelled from the co-operative by special resolution, passed in accordance with this rule 9, to the effect:
 - (a) that the member has seriously or repetitively failed to discharge the member's obligations to the co-operative under these rules or a contract entered into with the co-operative under section 125 of the Law; or
 - (b) that the member has acted in a way that has:
 - (i) prevented or hindered the co-operative in carrying out its primary activity or one or more of its primary activities; or

- (ii) brought the co-operative into disrepute; or
 - (iii) been contrary to one or more of the co-operative principles as described in section 10 of the Law and has caused the co-operative harm.
- (2) Written notice of the proposed special resolution must be given to the member at least 28 days before the date of the meeting at which the special resolution is to be moved, and the member must be given a reasonable opportunity of being heard at the meeting.
- (3) At the general meeting when the special resolution for expulsion is proposed the following procedures apply:
 - (a) at the meeting, the member must be afforded a full opportunity to be heard and is entitled to call witnesses and cross-examine witnesses called against the member;
 - (b) if the member fails to attend at the time and place mentioned, without reasonable excuse, the member's alleged conduct must be considered and the co-operative may decide on the evidence before it, despite the absence of the member;
 - (c) once the alleged conduct is considered, the co-operative may decide to expel the member concerned;
 - (d) the co-operative must not make a decision on the alleged conduct or on expulsion, except by vote by secret ballot of the members present, in person or represented by proxy or by attorney, and entitled to vote;
 - (e) a motion for the decision is not taken to be passed unless two-thirds of the members present, in person or represented by proxy or by attorney, vote in favour of the motion.
- (4) An expelled member must not be re-admitted as a member unless the re-admission is approved by special resolution voted on by at least 50% of all members.
- (5) A member re-admitted must not have restored to him or her any shares that were cancelled on his or her expulsion.

10. Resignation of members (Law s117)

A member may resign from a co-operative by giving four weeks' notice in writing in the form approved by the board.

11. Monetary consequences of expulsion or resignation (Law s128)

- (1) In this rule:

deficiency means the amount of accumulated loss, deficiency or significant change disclosed in the last balance sheet of the co-operative, or later reported before expulsion.

- (2) If a member is expelled or resigns from the co-operative, all amounts owing by the former member to the co-operative become immediately payable in full.
- (3) The shares of an expelled or resigning member must be cancelled as at the day of expulsion or resignation, and the cancellation must be noted in the register of shares.
- (4) Subject to subrule (5) and the written terms of a class of share issued, the co-operative must, however, pay to the expelled or resigning member the amount of capital paid up on the former member's shares at the time of expulsion or resignation (less any amount owing by the former member to the co-operative).
- (5) If a deficiency exists, an appropriate proportion of the loss, deficiency or significant change may be deducted from the amount of capital paid up on the shares of the expelled or resigning member. This is done having regard to the number of shares held by the expelled or resigning member immediately before expulsion or resignation in relation to the number of shares in the co-operative.
- (6) Subject to section 128 of the Law, payment to the expelled or resigning member of any amount owing by the co-operative to the former member:
 - (a) must be made at the time decided by the board but within one year from the date of expulsion or resignation; or
 - (b) may be applied at the time decided by the board, but within one year from the date of expulsion or resignation, in the manner set out in section 128 of the Law, if there is agreement by the board and former member or if the board considers that repayment would adversely affect the financial position of the co-operative.

12. Suspension of members

The co-operative does not have the power to suspend a member.

Division 2 Dispute resolution

13. Disputes and mediation (Law s129)

- (1) The grievance procedure set out in this rule applies to disputes under these rules between:
 - (a) a member and another member; or
 - (b) a member (including a former member) and the co-operative. This subrule (b) will also apply to a dispute between a member and the co-operative, on behalf of the board of the co-operative, a director or an employee of the co-operative.
- (2) If a dispute arises, a party cannot commence any court or arbitration proceedings relating to the dispute unless it has complied with the provisions of this rule, except where a person seeks urgent interlocutory relief.

- (3) The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days of:
 - (a) the dispute coming to the attention of each party; or
 - (b) a party giving notice, to each of the other parties involved, of the dispute or grievance.
- (4) If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, the parties must, as soon as is practicable, hold a meeting in the presence of a mediator.
- (5) The mediator is, where possible, to be a person chosen by agreement between the parties, but in the absence of agreement between the parties:
 - (a) for a dispute between a member and another member, a person appointed by the board; or
 - (b) for a dispute between a member (including a former member) and the co-operative (including the board, a director or an employee of the co-operative), a person appointed or employed by the Dispute Settlement Centre of Victoria or other independent mediator.
- (6) The mediator may (but need not) be a member of the co-operative, unless the member is a party to the dispute.
- (7) The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- (8) The mediator, in conducting the mediation, must:
 - (a) give the parties to the mediation process every opportunity to be heard; and
 - (b) allow due consideration by all parties of any written statement submitted by any party; and
 - (c) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- (9) The mediator cannot determine the dispute.
- (10) The mediation must be confidential and without prejudice.
- (11) The costs of the mediation are to be shared equally between the parties unless otherwise agreed.
- (12) Nothing in this rule applies to any dispute as to the construction or effect of any mortgage or contract contained in any document other than these rules.
- (13) Nothing in this rule applies to any dispute involving the expulsion of a member or the imposition of a fine.

- (14) If the mediation process does not result in the dispute being resolved, each party may seek to resolve the dispute in accordance with the Law or otherwise at law.

Note. Section 130 of the Law applies if mediation does not resolve the dispute

Division 3 Members' liability

14. Fines payable by members (Law ss56 & 126)

- (1) The board may impose on a member a maximum fine of \$50 for a contravention of these rules.
- (2) A fine must not be imposed on a member under subrule (1) unless:
- (a) written notice of intention to impose the fine and the reason for it has been given to the member; and
 - (b) the member has been given a reasonable opportunity to appear before the board in person (with or without witnesses), or to send to the board a written statement, to show cause why the fine should not be imposed.

15. Liability of members to co-operatives (Law ss117(2) & 121)

- (1) A member is liable to the co-operative for any charges, including entry fees and regular subscriptions, payable by the member to the co-operative under these rules.
- (2) Joint members are jointly and severally liable for any such charges mentioned in subrule (1).

Division 4 Shares

16. Capital and shares (Law ss76–82)

- (1) The capital of the co-operative must be raised by the issue of shares of nominal value of \$1 each.
- (2) A member must hold one share in the co-operative.
- (3) No share is to be allotted unless 100% of the nominal value of the share has been paid.
- (4) A share in the co-operative does not carry a vote.
- (5) The right to vote in the co-operative is attached to membership and governed by section 228 of the Law.

Note. Under section 82 of the Law, the co-operative is authorised to require members of a distributing co-operative to take up or subscribe for additional shares under a proposal approved by special resolution.

17. Calls on shares

By virtue of rule 16(3), the board does not have the power to make calls on members.

18. Repurchase of members' shares (Law ss99, 107, 109 & 118)

- (1) Members' shares may be repurchased by the co-operative in accordance with the Law.
- (2) A member who wishes the co-operative to repurchase any shares must do so by submitting a request to the board in the following form:

I/We _____ being members of the _____ (co-operative name) and the holders of _____ (number of shares) in the co-operative that are fully/partly paid, request that the co-operative repurchase _____ (number of shares). I/We are aware of the conditions of repayment under the Co-operatives National Law or relevant Act.

Signed _____

Dated _____

Witness (name and signature) _____

- (3) The board of the co-operative must consider each request for repurchase in accordance with the Law and cancel any shares that have been repurchased.

19. Transfer of shares (Law ss100 & 101)

For the purposes of section 100(1) of the Law, but subject to the Law, these rules of the co-operative do not permit the sale or transfer of shares in the co-operative.

20. Effect of sale, transfer or disposal of shares (Law ss232 & 233)

A person who has sold or transferred, or disposed of the beneficial interest in, all the person's shares, or has agreed to do any of those things, is not entitled to vote at any meeting of the co-operative, and that person will no longer be a member of the co-operative.

Division 5 Member cancellations

21. Forfeiture and cancellations—inactive members (Law ss156–163)

- (1) The board must declare the membership of a member cancelled if:
 - (a) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a continuous period of at least six months; or

- (b) the member is not presently active and either has not been active within the meaning of rule 4 in the past twelve months, or has no prospect of being active in the next twelve months.

Note 1. The period of inactivity must take account of the active membership requirements in rule 4. For example, if a member is required to acquire or sell product or services during a calendar year, the period of time should be expressed in terms of calendar years.

Note 2. The period of time for inactivity under the Law is 3 years. The co-operative's rules may specify a shorter time than 3 years. If no period of time is specified, it will be as specified in the Law.

22. [Not used]

23. Forfeited shares

- (1) A person whose shares have been forfeited under these rules stops being a member if membership is conditional on the holding of the shares or membership has otherwise been cancelled under the Law.
- (2) A statutory declaration in writing by a director, the business manager or secretary of the co-operative stating that a share in the co-operative has been forfeited and cancelled on a date stated in the declaration, is proof of that fact as against all persons claiming to be entitled to the share.
- (3) The co-operative has set-off rights against share capital as specified in section 127 of the Law.

Division 6 Deceased or incapacitated members

24. Death of member (Law ss93 & 102–106)

The legal personal representative of a deceased member may apply to the board for a transfer of the deceased member's shares in the form determined by the board.

25. Rights and liabilities of members under bankruptcy or incapacity (Law ss95, 96 & 117)

- (1) A person's membership ceases upon bankruptcy and that person's shares may be transferred to the Official Trustee in Bankruptcy and dealt with under the provisions of section 95 of the Law.
- (2) A person appointed under a law of a State or Territory to administer the estate of a member who, through unsound mind or physical infirmity, is incapable of managing his or her affairs, may be registered as the holder of the member's shares and the rights and liabilities of membership vest in that person during the period of the appointment.
- (3) The liabilities attaching to the shares of a person under bankruptcy or incapacity continue in accordance with section 96 of the Law.

- (4) Upon application by a person appointed to manage the affairs of a member referred to in subrule (2), the board may decide to suspend some or all active membership obligations if there are grounds to believe that the member's incapacity is temporary.

26. Entitlements and liabilities of person registered as trustee, administrator etc.

- (1) A person becoming entitled to be a shareholder because of the death, bankruptcy or incapacity of the holder is entitled to the advantages to which the person would be entitled if he or she were the registered holder of the share or shares. However, before being registered as a member, the person is not entitled to exercise any right conferred by membership in relation to meetings of the co-operative.
- (2) A person registered as holder of the shares of a member who has died, or is bankrupt or incapable of managing his or her affairs, has the same liabilities in relation to the share or shares as those to which the deceased, bankrupt or incapable person would have been liable if he or she had remained a member with full legal capacity.
- (3) The board has the same right to decline or to suspend registration of a share as it would have had for a transfer of a share by the bankrupt or incapacitated person before the bankruptcy or incapacity.

Division 7 [Not used]

27. [Not used]

28. [Not used]

29. [Not used]

Part 3 General meetings, resolutions and voting

30. Annual general meeting (Law s252)

An annual general meeting must be held each year, at a place and on a date and a time decided by the board, within 5 months after the close of the financial year of the co-operative or within the further time allowed by the Registrar.

Note. A co-operative may specify particular matters to suit the convenience of members such as time and place, if members are located in a wide geographical area.

31. Members' power to requisition a general meeting (Law s257)

- (1) The board may, whenever it considers appropriate, call a special general meeting of the co-operative.

(2) The board must call a general meeting of the co-operative on the requisition in writing by members who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative.

(3) The provisions of section 257 of the Law apply to a meeting requisitioned by members.

Note. The board is not required to call a general meeting of members to consider matters that are not matters for decision by the members in general meeting.

32. Notice of general meetings (Law ss239, 254 & 611)

(1) At least 14 days' notice of a general meeting (not including the day on which the notice is served or taken to be served, but including the day for which notice is given) must be given.

Note 1. If there is to be a special resolution proposed at the meeting, there is a requirement for at least 21 days' notice of the special resolution.

Note 2. If there is a resolution proposed for the removal of a director, section 180 of the Law requires special notice of the resolution and 21 days notice of the meeting.

(2) Notice must be given to each member of the co-operative and any other persons who are, under these rules or the Law, entitled to receive notices from the co-operative.

Note. The auditor is and, if there is a trustee for debenture holders, the trustee is entitled to notice of a general meeting.

(3) The notice must state the place, day and hour of the meeting and include ordinary business as specified in rule 33 and, for special business, the general nature of any special business.

(4) The notice must also include any business members have notified their intention to move at the meeting under subrule (6) (but only if the members' notification has been made under these rules and within time).

(5) The notice must be served in the manner provided in the Law or rule 62.

Note 1. Section 611 of the Law makes provision for the service of notices on members of the co-operative. Rule 62 makes additional provision for notice by electronic transmission.

Note 2. Non-receipt of the notice does not invalidate the proceedings at the general meeting.

(6) Members who together are able to cast at least 20% of the total number of votes that are able to be cast at a meeting of the co-operative and who have a resolution to submit to a general meeting must give written notice of it to the co-operative at least 45 days before the day of the meeting.

Note. A co-operative can limit an individual member from proposing a resolution to the general meeting by requiring that there be a minimum number of members proposing the resolution before the matter can be considered. This does not prevent an individual member from requesting that the board propose a particular resolution at the next meeting.

33. Business of general meetings

- (1) The ordinary business of the annual general meeting of a large co-operative must be:
 - (a) to confirm minutes of the last preceding general meeting (whether annual or special);
and
 - (b) to receive from the board, auditors or officers of the co-operative:
 - (i) the financial reports of the co-operative for the financial year;
 - (ii) a report on the state of affairs of the co-operative.
- (2) The ordinary business of the annual general meeting of a small co-operative must be:
 - (a) to confirm minutes of the last preceding general meeting (whether annual or special);
and
 - (b) to receive from the board, auditors or officers of the co-operative:
 - (i) the financial statements for the co-operative for the financial year;
 - (ii) a report on the state of affairs of the co-operative;
 - (iii) a directors' solvency resolution as to whether or not, in their opinion, there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable.
- (3) The annual general meeting may also transact special business of which notice has been given to members under these rules.
- (4) All business of a general meeting, other than business of the annual general meeting that is ordinary business, is special business.

34. Quorum at general meetings

- (1) An item of business cannot be transacted at a general meeting unless a quorum of members is present when the meeting is considering the item.
- (2) Unless these rules state otherwise, the following number of members present in person, each being entitled to exercise a vote, will constitute a quorum:
 - eleven,
 - plus one for every 10 members (excluding a part thereof) between 50 and 200 active members,
 - plus one for every 50 members (excluding a part thereof) above 200 members.

- (3) If a quorum is not present within half an hour after the appointed time for a meeting, the meeting, if called on the requisition of members, must be dissolved. In any other case it must be adjourned to the same day, time and place in the next week.
- (4) If a quorum is not present within half an hour after the time appointed for an adjourned meeting, and:
 - (a) the meeting is an annual general meeting — the members present constitute a quorum; and
 - (b) the meeting is a general meeting other than an annual general meeting — is otherwise dissolved.

35. Chairperson at general meetings

- (1) The chairperson of the board shall be entitled to preside as chairperson at every general meeting of the co-operative.
- (2) If there is no chairperson, or if at a meeting the chairperson is either not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present must choose someone from their number to be chairperson (until the chairperson attends and is willing to act).
- (3) The chairperson may, with the consent of a meeting at which a quorum is present (and must if directed by the meeting) adjourn the meeting from time to time and from place to place. However, the only business that can be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, notice of the adjourned meeting must be given just as for the original meeting. Apart from this it is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.

36. Attendance and voting at general meetings (Law ss228 & 256)

- (1) The right to vote attaches to membership and not shareholding.
- (2) Joint members have only one vote between them.
- (3) Every joint member is entitled to attend and be heard at a general meeting.
- (4) In the event of a dispute between joint members as to which member will vote (subject to the grant of any proxy or power of attorney), the joint member whose name appears first in the register of members is entitled to vote.
- (5) A resolution, other than a special resolution, must be decided by simple majority.

Note. The requirements for a special resolution are in section 239 of the Law.

- (6) Subject to subrules (7) and (8), a question for decision at any general meeting must be decided on a show of hands of members present at the meeting.

- (7) A poll may be demanded on any question for decision.
- (8) If before a vote is taken or before or immediately after the declaration of the result on a show of hands:
 - (a) the chairperson directs that the question is to be determined by a poll; or
 - (b) at least 5 members present in person or represented by proxy demand a poll;the question for decision must be determined by a poll.
- (9) The poll must be taken when and in the manner that the chairperson directs.
- (10) A poll on the election of a chairperson or on the question of adjournment must be taken immediately and without debate.
- (11) Once the votes on a show of hands or on a poll have been counted then, subject to subrule (8), a declaration by the chairperson that a resolution has been carried (unanimously or by a particular majority) or lost is evidence of that fact.
- (12) The result of the vote must be entered in the minute book.

37. Voting on a show of hands (Law ss234 & 256)

- (1) On a show of hands at a general meeting, each member:
 - (a) present; or
 - (b) represented by a non-member acting under a power of attorney; or
 - (c) represented by a non-member appointed under the provisions of the Law; or
 - (d) represented by a proxy (but only if proxies are allowed under these rules);may exercise only one vote.

38. Voting on a poll

- (1) On a poll called at a general meeting, each member:
 - (a) present; or
 - (b) represented by a person acting under a power of attorney; or
 - (c) represented by a person appointed under the provisions of the Law; or
 - (d) represented by a proxy (but only if proxies are allowed under these rules);has one vote.

Note 1. A person can hold an unlimited number of proxies unless the rules restrict the number of proxies any one person can hold. If the vote on a show of hands is likely not to represent the views of the members who have given a proxy, a poll may be demanded. Section 256(2) of the Law provides that a question is to be decided by a poll if a poll is required by the chairperson of the meeting or by any 5 members present at the meeting or represented at the meeting by proxy.

Note 2. Most decisions are made by ordinary resolution, but in certain cases the Law requires a special resolution.

39. Determining the outcome where equality of votes (Law s228)

- (1) This rule applies where the votes in favour and against a resolution are equal.
- (2) The chairperson may exercise a second or casting vote.

40. Proxy votes (Law s229)

Voting by proxy is not permitted at a general meeting.

41. Postal ballots (other than special postal ballots) (Law ss247 & 250)

Note. Section 250 of the Law provides that members may require a matter to be decided by a postal ballot. The following rule will facilitate a postal ballot in these situations.

- (1) A postal ballot requisitioned under section 250 of the Law is to be conducted by a returning officer determined by the board in accordance with section 250 of the Law, the National Regulations and otherwise in the form and manner determined by the board.
- (2) The board may determine in a particular case whether the special resolution by postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.
- (3) This rule does not apply in relation to special postal ballots.

42. Special postal ballots (Law ss248 & 249)

Note. A special postal ballot is required by the Law for certain specified decisions. The majority required to pass a special postal ballot is 75%. A special postal ballot is governed by the provisions of the Law and the National Regulations as well as these rules.

- (1) If a special postal ballot is required by the Law, the board may determine in a particular case whether the special resolution by special postal ballot should be a secret ballot and whether votes may be returnable by fax or other electronic means or both.
- (2) If the board decides to conduct a secret postal ballot, it must ensure that the method used to conduct the ballot will ensure that votes can be counted without identifying the way each member has voted.

43. Special resolutions (Law ss238–241)

- (1) A special resolution is a resolution that is passed:
 - (a) by a two-thirds majority at a general meeting; or
 - (b) by a two-thirds majority in a postal ballot (other than a special postal ballot) of members; or
 - (c) by a three-quarters majority in a special postal ballot of members.
- (2) A notice of special resolution is required to be given to members at least 21 days before the vote or ballot time (or 28 days notice in the case of a special postal ballot).
- (3) The notice of special resolution must state:
 - (a) the intention to propose the special resolution; and
 - (b) the reasons for proposing the special resolution; and
 - (c) the effect of the special resolution being passed.

Note. Voting majorities for ordinary and special resolutions and special postal ballots are defined in the Law along with how a majority is counted and the requirements for registration of special resolutions.

Part 4 Board of directors

44. Board (Law s172)

- (1) The business of the co-operative are to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in general meeting.

Note. The rules of the co-operative may restrict the power of the board, but an exercise of power by the board in excess of the restriction in these rules may still be a valid act. See section 45 of the Law.
- (2) The board must have eight (or such other number determined by ordinary resolution of the members in general meeting not less than six and not greater than twelve) directors as follows:
 - (a) the number of non-member directors are to be appointed by the board in accordance with rule 47A is set out in the table below; and
 - (b) the balance will be member directors elected by and from the members in accordance with rule 47.

Number of directors (opening sentence of subrule (2))	Number of non-member directors (subrule (2)(a))
6	2
7	2
8	3
9	3
10	4
11	4
12	5

45. Qualifications of directors (Law s174)

- (1) A person is not qualified to be a director of the co-operative unless the person is an individual over the age of 18 years, and is not disqualified under the law from being a director of a company or a responsible person of a registered charity and is either:
- (a) in the case of a member director (or candidate) — an active member of the co-operative or a representative of a corporation that is an active member of the co-operative; or
 - (b) in the case of a non-member director (or candidate) — not an active member, is independent and free of material conflicts, and possesses special skills, background, capability or experience in management or other technical areas of benefit to the co-operative as specified by the board from time to time.

46. [Not used]

47. Election of member directors (Law ss173 & 179)

- (1) [Not used]
- (2) [Not used]
- (3) The term of office of member directors, is to commence from the annual general meeting at which they are elected and ends on the day of the second annual general meeting thereafter.
- (4) The members of the board under rule 44(2)(b) are to be elected in the manner specified in this rule.
- (5) At an annual general meeting at which a member director retires, the vacated office may be filled in the following manner:
- (a) At least 6 weeks before an annual general meeting, the board must:

- (i) notify all members of the number of member directors retiring at the annual general meeting; and
- (ii) advise the members of:
 - (1) their eligibility to nominate as a member director; and
 - (2) the duties and responsibilities of a member director; and
 - (3) the anticipated reasonable remuneration (if any); and
 - (4) the nomination and election procedures.
- (b) A notice must also be displayed at the place of business of the co-operative inviting nominations of nominees to serve as member directors.
- (c) A nomination must:
 - (i) provide details of the qualifications and experience of the person nominated; and
 - (ii) be accompanied by a notice in writing signed by the nominee consenting to their nomination.
- (d) The nomination and the notice of consent must be lodged with the secretary of the co-operative at least 30 days before the annual general meeting.
- (e) The secretary, or an officer nominated by the board, must give details of each person who has been nominated to members with the notice of the annual general meeting. Details to be provided to members must include:
 - (i) the nominee's name; and
 - (ii) the nominee's qualifications and experience; and
 - (iii) the nominee's length of any previous service as a member director of the co-operative or with any other co-operative.
- (6) If the number of nominees equals the number of vacancies, the nominees must be declared elected at the annual general meeting.
- (7) If there are insufficient nominees to fill all vacancies, the nominees to be declared elected at the annual general meeting and nominations for people to fill the remaining vacancies are to be called from the floor and a ballot held if required.
- (8) If the number of nominees exceeds the number of vacancies, the election of member directors must be conducted at the meeting by ballot as follows:
 - (a) A returning officer is elected at the meeting. The member directors, the secretary and anyone who has an interest in the election are not eligible to be the returning officer.

- (b) All nominees are to be listed on the ballot form in alphabetical order.
 - (c) The returning officer is responsible for determining the validity of and counting of the votes.
 - (d) If there is an equality of votes, the outcome must be determined by lot.
 - (e) The returning officer is to declare the election results.
- (9) If any vacancies remain at the end of the meeting, the vacancies are to be casual vacancies and must be filled in accordance with rule 50.

Note. A co-operative may specify other procedures in the rules to suit the particular circumstances of the co-operative.

47A. Appointment of non-member directors

- (1) The board may appoint qualified persons to be non-member directors for the purposes of rule 44(2)(a). The term of office of each non-member director commences from the date of appointment for a period of one calendar year (irrespective of annual general meetings) or such lesser term determined by the board at the time of making the appointment.
- (2) The board may otherwise determine the procedures for appointing non-member directors for the purposes of this rule and rule 44(2)(a), including:
 - (a) whether and how a vacancy will be publicly advertised; and
 - (b) the process for interviewing candidates.

48. Removal from office of director (Law s180)

- (1) The co-operative may by resolution under section 180 of the Law, with special notice as required by that section, remove a director before the end of the director's period of office, and may by a simple majority appoint another person in place of the removed director. The person appointed must retire when the removed director would otherwise have retired.
- (2) The board may, after a vote of no confidence, remove a director from his or her office for failing or refusing to fulfil his or her duties of director.

49. Vacation of office of director (Law s179)

- (1) A director vacates his or her office if the director is disqualified under the law from being a director of a company or a responsible person of a registered charity.
- (2) In addition to the circumstances set out in the Law and at subrule (1), a director vacates office if the director dies.

Note. If a co-operative wishes to specify circumstances other than those set out in section 179 of the Law or in this rule, those circumstances should be specified as additions to this rule.

50. Casual vacancies and alternate directors (Law ss173 & 177)

- (1) The board may appoint a qualified person of the co-operative to fill a casual vacancy in the office of:
 - (a) member director until the next annual general meeting; and
 - (b) non-member director for up to one calendar year.
- (2) A person is not qualified to be appointed to fill a casual vacancy:
 - (a) a member director—unless the person is qualified for appointment as a member director; or
 - (b) a non-member director—unless the person is qualified for appointment as a non-member director and is a member of the co-operative.
- (3) The board may appoint a person to act as a director (an alternate director) in the place of an absent director.
- (4) A person is not qualified to be appointed as an alternate director for:
 - (a) a member director—unless the person is qualified for appointment as a member director; or
 - (b) a non-member director—unless the person is qualified for appointment as a non-member director and is a member of the co-operative.
- (5) An alternate director holds office until the next annual general meeting or until the next general meeting held to elect directors to fill any vacancies (whichever is earlier).
- (6) An alternate director for a director (the principal director) vacates office:
 - (a) in similar circumstances or cases to those in which the principal director would vacate office (and for that purpose the provisions of these rules and Division 1 of Part 3.1 of the Law accordingly apply in relation to the alternate director); or
 - (b) if the alternate director is removed from office by the board as alternate director for failure, without its leave, to attend a meeting of the board at which the principal director is absent (and for that purpose the provisions of section 179(2)(b) of the Law do not apply in relation to the alternate director).

51. Remuneration of directors (Law s203)

Directors will not be entitled to any directors' remuneration.

52. Proceedings of the board (Law ss175 & 176)

- (1) Meetings of the board (including meetings conducted outside board meetings pursuant to section 176 of the Law) are to be held as often as may be necessary for properly conducting the business of the co-operative and must be held at least every 3 months.
- (2) A meeting may be held with one or more of the directors participating by using a form of communication that allows reasonably contemporaneous and continuous communication between the directors taking part in the meeting.
- (3) Questions arising at a meeting must be decided by a majority of votes.
- (4) If votes are equal, the chairperson has a second or casting vote.
- (5) Other than in special circumstances decided by the chairperson, at least 48 hours notice must be given to the directors of all meetings of the board, without which the meeting cannot be held.

53. Quorum for board meetings (Law s175)

- (1) The quorum for a meeting of the board is as follows:

Number of directors under rule 44(2)	Number of directors for quorum
6	4
7	4
8	5
9	5
10	6
11	6
12	7

- (2) Despite subrule (1), for a quorum, the number of member directors must outnumber the non-member directors by at least one.

Note. The co-operative may specify in the rules another number by which the number of member directors must outnumber the non-member directors.

54. Chairperson of board

- (1) The chairperson of the board is to be elected by the board from the member directors. The chairperson cannot be a non-member director.

Note. The rules may provide that, in the alternative, the chairperson is to be elected at a general meeting of the co-operative.

- (2) If no chairperson is elected or the chairperson is not present within 15 minutes after the time fixed for holding the meeting or is unwilling to act as chairperson of the meeting, the

directors present may choose a member director to be chairperson of the meeting until the chairperson attends and is willing to act as chairperson.

- (3) The chairperson may be removed, and a new chairperson elected, by:
 - (a) ordinary resolution of the board, unless paragraph (b) applies; or
 - (b) ordinary resolution at a general meeting, if these rules provide that the chairperson is elected at a general meeting of the co-operative.

Note. Subrule (3) does not affect the requirements of section 180 of the Law in respect of the removal of a director.

54A. Advisors to board

- (1) The board may appoint any person to be an advisor to the board from time to time as deemed necessary.
- (2) Advisors to the board will not be employees, officers or agents of the co-operative, and do not have voting rights or power in connection with the co-operative's operations and activities.
- (3) Advisors to the board may receive reasonable remuneration for their services.

55. Delegation and board committees (Law s178)

- (1) The board may by resolution delegate to:
 - (a) a director; or
 - (b) a committee of 2 or more directors; or
 - (c) a committee of members of the co-operative; or
 - (d) a committee of members of the co-operative and other persons if members form the majority of persons on the committee; or
 - (e) a committee of directors and other persons;
 - (f) the exercise of the board's powers (other than this power of delegation) specified in the resolution. The co-operative or the board may by resolution revoke all or part of the delegation.
- (2) A power delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the delegation.
- (3) A delegation under this rule may be given on conditions limiting the exercise of the power delegated, or time or circumstances.

- (4) Despite any delegation under this rule, the board may continue to exercise the power delegated.
- (5) If a power is exercised by a director (alone or with another director) and the exercise of the power is evidenced in writing, signed by the director in the name of the board or in his or her own name on behalf of the board, the power is taken to have been exercised by the board. This is so whether or not a resolution delegating the exercise of the power to the director was in force when the power was exercised, and whether or not any conditions mentioned in subrule (3) were observed by the director exercising the powers.
- (6) A committee may elect a chairperson of their meetings. If no chairperson is elected, or, if at a meeting the chairperson is not present within 15 minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairperson of the meeting.
- (7) A committee may meet and adjourn as it thinks appropriate. Questions arising at a meeting must be decided by a majority of votes of the members present and voting and if the votes are equal, the chairperson has a second or casting vote.

56. Other committees

- (1) The board may by resolution appoint committees of members or other persons or both, to act in an advisory role to the board and to committees of directors.
- (2) Rule 55(6) and (7) apply to committees appointed under this rule, with the changes approved by the board.
- (3) The quorum for a meeting of the committee is half the number of committee members (or, if half is not a whole number, the whole number next higher than one half).

57. Minutes

- (1) The board must keep minutes of meetings and, in particular, of:
 - (a) all appointments of officers and employees made by the directors; and
 - (b) the names of the directors present at each meeting of the board and of a committee of the board; and
 - (c) all resolutions and proceedings at all meetings of the co-operative and of directors and of committees of directors.

Note. Section 209 of the Law also requires any declarations of interest by directors to be recorded in the minutes.

- (2) Minutes must be entered in the appropriate records within 28 days of the meeting to which they relate was held.
- (3) The minutes are to be signed within a reasonable time after the meeting to which they relate by either the chairperson of that meeting or the chairperson of the next meeting.

57A Business Manager

- (1) The board may, if it considers appropriate, appoint a person to be responsible for the day to day management of the co-operative. The person must not be a director or the secretary or a member of the co-operative.
- (2) The appointed person is the business manager of the co-operative, and may be called by some other title.
- (3) The conditions and the period of appointment including termination must be decided by the board.
- (4) The business manager is not entitled to be present or to vote at a meeting of directors on a motion concerning the conditions of his or her own appointment, conditions of service or termination of service.
- (5) The business manager cannot be required to be an active member of the co-operative.
- (6) In the event of any conflict between the terms of the appointment of a person as the business manager and that person's obligations or privileges under the Law, the terms of the Law prevail over the terms of appointment.

Part 5 Rules

58. Amendments and copies of rules (Law ss57 & 60–63)

- (1) Any amendment of the rules must be approved by special resolution only in accordance with the Law. However, if model rules are adopted in the manner specified under section 65(a) of the Law, any amendments to the model rules as notified by the Registrar are included in the co-operative's rules without the need for a special resolution.

Note 1. Section 60 of the Law permits the Registrar to specify classes of rules that must not be changed without first obtaining the approval of the Registrar. A co-operative should check whether any prior approval is required before the change is put to a special resolution vote.

Note 2. While the co-operative is a registered housing provider or association under the Housing Act, the proposed amendments must be notified to the Registrar at least 28 days before making any change.

- (2) A proposal to amend the rules of the co-operative must be made in a form approved by the board which clearly shows the existing rule or rules concerned and any proposed amendment to the rules.
- (3) A member is entitled to a copy of the rules upon request to the co-operative.

Part 6 Administrative matters

59. Seal (Law ss49 & 223)

- (1) This rule applies if the co-operative chooses to authenticate a document under the common seal of the co-operative.
- (2) The co-operative's name and registration number must appear on its common seal and any official seal. The common seal must be kept at the registered office in the custody that the board directs.
- (3) The co-operative may have one or more official seals for use outside the State or Territory in place of its common seal. Each of the additional seals must be a facsimile of the common seal with the addition on its face of the name of the place where it is to be used.
- (4) The seal of the co-operative must not be affixed to an instrument other than under a resolution of the board. Two directors, or one director and the secretary, must be present and must sign all instruments sealed while they are present.

60. Inspection of records and registers (Law ss214 & 215)

- (1) Members of the co-operative have free access to the records and registers referred to in section 214(1) of the Law and they may make a copy of any such records and registers free of charge.

Note 1. The rule may instead specify an amount payable for making an entry in the registers. The amount cannot exceed the amount set down in either the National Regulations applying in this jurisdiction or in local regulations.

Note 2. Members and other persons accessing records and registers under section 214 of the Law are restricted in the use of any information obtained.

- (2) Members do not have access to the minutes of board or committee meetings, but may request access to any such minutes in writing addressed to the board.

61. Safe keeping of securities

Shares, debentures, charges and any other certificates or documents or duplicates of them pertaining to securities must be safely kept by the co-operative in the way and with the provision for their security as the board directs.

62. Notices to members (Law s611)

- (1) This rule applies in addition to section 611 of the Law regarding how a notice or other document may be given to a member of the co-operative.
- (2) A notice or other document required to be given to a member of the co-operative may be given by the co-operative to any member by any form of technology (for example, by fax or email), where the member has given consent and notified the co-operative of the relevant contact details.

Note. Legislation relating to electronic transactions may also be relevant to the giving of notices or other documents.

- (3) If a notice is sent by post, service is taken to be effected at the time at which the properly addressed and prepaid letter would be delivered in the ordinary course of post. In proving service by post, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.
- (4) A notice forwarded by some other form of technology is taken to have been served, unless the sender is notified of a malfunction in transmission, on the day of transmission if transmitted during a business day, otherwise on the next following business day.
- (5) A notice may be given by the co-operative to joint members by giving the notice to the joint member named first in the register of members.
- (6) A notice may be given by the co-operative to the person entitled to a share in consequence of the death, incapacity or bankruptcy of a member by sending it through the post in a prepaid letter addressed to that person by name. Alternatively, it can be addressed to the person by the title of representative of the deceased or incapacitated person, or trustee of the bankrupt, or by any like description, and:
 - (a) the address should be that supplied for the purpose by the person claiming to be entitled; or
 - (b) if no such address has been supplied, the notice can be given in the manner in which it could have been given if the death, incapacity or bankruptcy had not occurred.

Part 7 Accounting and financial matters

63. Financial year

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

64. Accounts

- (1) The board must have at least one financial institution account, electronic or otherwise, in the name of the co-operative, into which all amounts received by the co-operative must be paid as soon as possible after receipt.
- (2) All cheques drawn on the accounts, and all drafts, bills of exchange, promissory notes and other negotiable instruments, of the co-operative must be signed by 2 authorised persons.
- (3) The operation of any electronic accounts must be restricted so that there is a requirement for authorisation by 2 authorised persons.
- (4) For the purposes of this rule, an authorised person is:
 - (a) a director; or
 - (b) a person approved by the board.

65. Appointing an auditor

- (1) The co-operative must appoint an auditor in respect of its financial statements whether or not it is required to do so to comply with the Law, the Australian Charities and Not-for-profits Commission Act 2012 (Cth) or the Housing Act.
- (2) An auditor appointed under this rule is to conduct an audit of the co-operative's financial statements as presented to members.
- (3) The appointment of an auditor under this rule is to be made at an annual general meeting.
- (4) The co-operative may appoint another auditor at a subsequent annual general meeting if there is a vacancy in the office of the auditor.
- (5) The provisions of section 300(2) of the Law apply to an auditor appointed under this rule in the same way (but with any necessary adaptations) as they apply to an auditor appointed for a large co-operative.

Note. See section 310 of the Law regarding the removal and resignation of auditors.

66. [Not used]

67. Not-for-profit and disposal of surplus funds during a financial year (Law ss355–358)

- (1) The income and property of the co-operative, however derived, must be applied solely towards the primary activities set out in rule 4(1), and no portion of the income or property of the co-operative shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit, to any member.
- (2) Subrule (1) does not prevent the co-operative from providing services to members. However, the co-operative must not enter into an uncommercial transaction with a member unless it is:
 - (a) in the reasonable course of or for the reasonable purpose of furthering charitable and benevolent purposes set out in rule 4(1); or
 - (b) the transaction is more favourable to the co-operative than would otherwise be expected under an arm's length transaction.

For the purposes of subrule (b), a transaction that is uncommercial is the provision of a financial or other benefit to a member on terms which:

- (c) would not be reasonable in the circumstances if the benefit were provided on an arm's length basis; or
 - (d) are more favourable to the recipient than the terms referred to in subrule (c).
- (3) The board may retain all or part of the surplus arising in any year from the business of the co-operative, to be applied for the benefit of the co-operative.

- (4) No part of the surplus may be paid or transferred directly or indirectly, by way of profit, dividend, bonus or otherwise, to members of the co-operative.

68. Provision for loss

The board must make appropriate provision for losses in the co-operative's accounts and when reporting to members is to indicate whether the loss is expected to continue and whether there is any real prejudice to the co-operative's solvency.

69. Financial reports to members (Law Part 3.3)

The co-operative must prepare financial reports and statements in accordance with the Law, the National Regulations and these rules as if it were a large co-operative.

69A Indemnity

Subject to sections 198 and 200 of the Law, the co-operative indemnifies and must keep indemnified every officer (as that term is defined in the Law) against liability incurred by the officer in defending proceeding (whether civil or criminal) in which judgement is given in favour of the officer or in which the officer is acquitted.

Part 8 Winding up

70. Winding up (Law Part 4.5)

Note. A non-distributing co-operative is prohibited from distributing any surplus to members either during its operations or when it is wound up. If there are surplus funds after winding up, those funds must be given to another entity that also prevents distribution to its members. The co-operative may specify this entity in its rules and if the entity, for some reason, no longer exists when the co-operative is wound up, then the rule can provide a process for determining an alternative recipient of the funds.

- (1) The winding up of the co-operative must be in accordance with Part 4.5 of the Law.
- (2) If, on the winding up or dissolution, there remains any property after the satisfaction of all its debts and liabilities, this must not be paid to or distributed among the members of the co-operative but must be given or transferred to an institution or institutions:
 - (a) which is a deductible gift recipient under the Income Tax Assessment Act 1997 (Cth), if the co-operative is also a deductible gift recipient, on the same basis as the co-operative was endorsed; and
 - (b) which is a registered charity, if the co-operative is so registered under the Australian Charities and Not-for-profits Commission Act 2012 (Cth); and
 - (c) which is a registered agency, if the co-operative is so registered under the Housing Act; and

- (d) with objects similar to those of the co-operative; and
- (e) whose constitution prohibits the distribution of its income and property among its members; and
- (f) chosen by the members of the co-operative at or before the dissolution or, in default, by a judge of the court with jurisdiction in the matter.

71. Revocation of deductible gift recipient endorsement

On winding up of the co-operative or revocation of the co-operative's deductible gift recipient endorsement, any surplus gifts, fundraising contributions or money received because of them as set out in section 30-125(6)(b) of the Income Tax Assessment Act 1997 (Cth) must be transferred to a fund, authority or institution determined in accordance with rule 70(2), except that the fund, authority or institution is to be chosen in the first instance by the board.

ATTACHMENT 1

UNITED HOUSING CO-OPERATIVE LTD.

ACTIVE MEMBERSHIP AGREEMENT

This is an agreement between(the Member) of

.....(property address)

and United Housing Co-Operative Ltd. defining the active membership requirements of the member, pursuant to Clause 4(2) of the United Housing Co-operative Limited Constitution and the Co-operatives National Law Application Act 2013 (Vic).

In addition to paying rent and maintaining the property in accordance with the Residential Tenancy Lease, I agree to support the primary activity of the United Housing Co-operative Ltd. by:

1. Attending a minimum of two (2) General Meetings plus the Annual General Meeting each year;
2. Attend the Annual Policy Forum each year; and
3. Actively participating through one of the following activities:
 - Membership of a committee (including attending a minimum of 75% of meetings);
 - Undertaking specific group activities which support the primary activity of the Co-operative (i.e. Members' Action Group; Environment Group; Prospective Tenant Training Sessions, etc.);
 - Undertaking other activities as jointly agreed by the Member and the Board which support the primary activity of the Co-operative (e.g. assisting with the organisation of meetings; office duties; "working bees"; organisation of social events; support and assistance to aged or disabled members, specific Co-operative projects; etc.)

I understand that I must fulfil the obligations in this Active Membership Agreement and that failure to carry out this activity may lead to membership being cancelled under Rule 21 of Part 2, Division 5 of the Constitution.

I also understand that my membership of the United Housing Co-operative Limited is subject to an eighteen month probationary period as outlined in the 'Terms and Conditions of Probationary Period' form that I am required to sign at the same time as signing the Active Membership Agreement.

This agreement prevails until replaced by another agreement.

Signed _____ Dated _____

Witnessed _____ Dated _____

Active Membership Provisions (Rule 4 of the Co-operative's Constitution)

- (1) The primary activity of the Co-operative is to provide secure and long term affordable housing.
- (2) All members must be active members of the Co-operative, unless granted leave from active membership by the Board.
- (3) In order to maintain active membership of the Co-operative, a member must have signed an "*Active Membership Agreement*" and fulfilled the obligation attested to therein.
- (4) A member may seek leave from active membership of the Co-operative by applying for casual or retirement leave in writing to the Board of Directors.
- (5) The number of members granted casual leave shall be limited to 10% of the total active membership at any one time.
- (6) Retirement leave shall be limited to those who are incapable of participating in the co-operative for specified medical reasons or they reach the age of 65.
- (7) If a member fails or ceases to be an active member, the board must in accordance with Part 2, Division 5 of the Co-operative's Constitution:
 - (a) declare the membership of the member cancelled; and,
 - (b) declare the shares of the member forfeited.

Exemptions from Active Membership Provision

1. Casual Leave

Casual Leave may be granted to members on the following basis:

- One (1) year for every three (3) years or part thereof that the member has served on the Board of Directors and actively participated by attending at least 75% of meetings.
- One (1) year for every five (5) years or part thereof that the member has served on a committee and actively participated by attending at least 75% of meetings.

Casual Leave will only be granted for service to the Co-operative during the preceding period of five (5) years at the date of application to the Board of Directors.

Upon application to the Board of Directors, exemptions for attendance at General Meetings may also be granted.

2. Retirement Leave

Retirement leave shall be limited to those who are incapable of participating in the co-operative for specified medical reasons or they reach the age of 65. In both cases, the member must make application for exemption and it must be approved by the Board of Directors.