

GORDON KING
c/- Nimbui Neighbourhood
& Information Centre
Cullen St
Nimbui
26/2/90

Dear Peter,

Please find enclosed a copy of the
expression of interest. Denis Burke from the
Coff's D.O.H says we will know whether or
not it has been successful after March 9th.
Will be in touch.

warm regards
Gordon

31.1.90



NEW SOUTH WALES GOVERNMENT

DEPARTMENT OF HOUSING

LOCAL GOVERNMENT AND COMMUNITY HOUSING PROGRAM

The LGACHP is a Federally funded and State administered program which provides funds to assist Local Councils and Community Groups and Rental Housing Co-operatives.

Funding is provided to build, buy, lease or renovate housing for rental to low and moderate income earners. Within the Program a proportion of funds are especially targetted towards longer term youth housing projects (16-25 year olds). LGACHP funds may only be used for the construction/ acquisition cost of a project, including design work, and not for recurrent costs such as administration management, and maintenance. Organisations receiving funds are generally required to make significant contributions towards the cost of a project by way of land and/or finance.

Separate funding guidelines apply respectively to housing co-operatives and projects involving local councils and community organisations.

Rental Housing co-operatives are incorporated, non-profit organisations which are self managed by their members. Equity raised from loans is vested with the co-operative. Members may be drawn from a mix of low and moderate income earners. Groups wishing to form a rental housing co-operative should also contact the Association to Resource Co-operative Housing (A.R.C.H.) on (02) 361 6834 to obtain further information and assistance in raising finance.

Local councils and community groups provide community management to housing projects with the requirement that all applicants meet the Department of Housing eligibility criteria.

Applications for the 1990-91 program are now being received.

Closing date for receipt of expressions of interest is 23 February, 1990. For more information on the program and applications process, please contact the Team Leader, Community Programs at the following Departmental regional offices.

North Coast	(Coffs Harbour)	(066) 50 1211
Southern Metropolitan	(Liverpool)	821 6111
Hunter & New England	(Newcastle)	(049) 26 3099
Orana & Central West	(Orange)	(063) 62 1388
Western Metropolitan	(Parramatta)	891 8111
Central & Eastern Met.	(Sydney)	282 7111
Riverina & Far West	(Wagga Wagga)	(069) 21 5544
Illawarra & South Coast	(Wollongong)	(042) 24 5711

Groups who have already applied will be contacted regarding the status of their applications.



THE NEW SOUTH WALES GOVERNMENT
Putting people first by managing better

TRY IT NOW!



**LIQUOR
WINE**

**CARRINGTON
CHAMPAGNE
RANGE 75**

\$39

**COOLABAH
WINE CASKS
4 Litre**

\$859

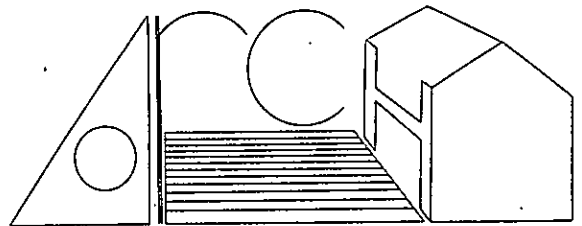
**WICKHAM
HILL TA
WINES 7**

\$3.99 per l

\$6.99 for 2

\$8.99 for 3





ASSOCIATION TO RESOURCE
CO-OPERATIVE HOUSING

BOX 18 4 GOULBURN ST SYDNEY NSW 2000
TELEPHONE: (02) 267 9414 FAX: (02) 264 8021

Mr. Peter Hamilton,
Bodhi Farm,
The Channon,

Dear Peter,

Thank you for your letter and I am sending you
a copy of our Deed of Agreement, which is still in
the negotiating stages.

This Deed of Agreement also includes the Draft Lease
which follows the Residential Tenancy Act 1987.

I am also sending a set of Model Rules for a
Housing Co-operative and forms required to hold a formation
meeting.

As far as I know, any materials on building components
average life spans, or standard project return forms
are not available.

If you have any further queries or requests please
do not hesitate to contact me.

Yours faithfully,

Margaret Cobb

Margaret Cobb,
Resource & Education Worker.

11.1.90

enc.

THIS DEED made on theday of1990,
 BETWEEN THE NEW SOUTH WALES DEPARTMENT OF HOUSING
 ('the Department') of.....of the first part
 AND THE ASSOCIATION TO RESOURCE CO-OPERATIVE HOUSING
 (ARCH) LIMITED ('the Association') of 4, Goulburn Street, Sydney, of the
 second part AND THE ST. GEORGE BUILDING SOCIETY ('the lender') of
 of the third part AND
 CO-OPERATIVE LIMITED ('the Co-
 operative') of the fourth part.

RECITALS

WHEREAS:

- I. The Department and the Association are jointly interested in the provision and development of co-operative housing accommodation in New South Wales.
- II. The Commonwealth Government is providing funding for this purpose, which monies are being managed and allocated through and in accordance with the guidelines set out in the Local Government and Community Housing Program ('the LGCHP') and associated New South Wales Rental Housing Co-operative Program guidelines.
- III. The Department and the Association are the bodies responsible for the establishment of the NSW Rental Housing Co-operative Program ('the program').
- IV. The Co-operative is a registered Common Equity Rental Housing Co-operative under the Co-operatives Act of New South Wales and has been approved for funding under the NSW Rental Housing Co-operative Program.
- V. The Association is a representative body for co-operative approved for funding under the NSW Rental Housing Co-operative Program.
- VI. The principal objectives and guidelines for the NSW Rental Housing Co-operative Program are contained in the First Schedule to this Deed.
- VII. The standard conditions of funding for Common Equity Rental Housing Co-operatives funded under the NSW Rental Housing Co-operative Program are contained in the Second Schedule to this Deed.

- VIII The Role functions and responsibilities of the Association in the NSW Rental Housing Co-operative Program are as set out in the Third Schedule to this Deed.
- IX All parties agree to abide by and act in accordance with the guidelines set out in the First Schedule.
- X All parties agree to abide by and act in accordance with the terms and conditions set out in the Second and Third Schedules.
- XI The Department has issued to the Co-operative a document known as an Outline of Approved Project Costs, which is contained in the Fourth Schedule ('the Approval').
- XII In accordance with the Approval, the Department has purchased a property/properties details of which are set out in the Fifth Schedule ('the Property').
- XIII The Total project cost approved and which is set out in the Approval is \$..... .
- XIV Of the Total project cost, the Department has agreed to make a loan to the Association in the sum of \$..... which loan is to be secured by way of a Second Mortgage over the property.
- XV The balance of the total project cost is to be raised by the Co-operative by way of a private loan from the lender to be secured through a First Mortgage over the property.
- XVI The Department and the Lender have agreed to incorporate by reference the provisions of this Deed into their respective mortgage agreements.

NOW THIS DEED WITNESSES the following agreement between all parties:

1. On or by the date of signing this agreement, or within fourteen days thereafter (the settlement date), the Department will effect a full legal transfer of the property described in the Fifth Schedule to the Association and the Co-operative as tenants in common.
2. On the settlement date, the co-operative and the Association will do the following things:
 - (i) Jointly execute a first mortgage instrument in favour of the lender.

- (ii) Hand over to the Department a cheque in the sum of \$..... , being the Co-operative's proportion of the total project costs raised by loan from the Lender and secured by First mortgage over the property.
 - (iii) Jointly execute a Second Mortgage over the property in favour of the Department to secure repayment to the Department of the balance of the total project cost. The terms and conditions for repayment of these moneys ('the grant moneys') shall be set out in the Second Mortgage.
- 3. On the settlement date the Department will execute and hand to the Lender a Letter of Comfort agreed upon between the Department and the Lender, which will guarantee the performance of all the essential terms and conditions stipulated in the First Mortgage.
- 4. The Association and the Co-operative will hold common title to the property in proportion to their respective contributions to the total project cost. The sum secured by the Second Mortgage shall be deemed to be the Association's contribution to the total project cost. The remaining proportion of the project cost shall be deemed to be the Co-operative's contribution.
- 5. The Grant Moneys are moneys received by the Department from the Commonwealth Government as a Grant to be applied in accordance with the guidelines set out in the First Schedule. The Department agrees to loan these moneys to the Association upon the terms and conditions set out in the Second Mortgage.
- 6. Immediately following settlement, the Association will lodge the first and second mortgage, the transfer instrument and this Deed for registration at the Lands Titles Office.
- 7. Following registration, the Lender will be given possession of the Certificate of Title to the property and will retain possession upon until the date of discharge of the First Mortgage, whereupon the Lender will give custody of the Certificate of Title to the Department except in the case where no Second Mortgage exists on the property whereupon the Lender will give custody of the Certificate of Title to the Co-operative.
- 8. The first registered mortgage which will secure the Lender's loan to the Co-operative shall be in the form and contain the terms and conditions set out in the precedent mortgage annexed hereto and marked 'A'.

9. The second registered mortgage securing the loan from the Department to the Association shall be in the form and contain the terms and conditions set out in the precedent mortgage annexed hereto and marked 'B'.
10. The Letter of Comfort to be provided by the Department to the Lender shall be in accordance with the precedent annexed hereto and marked 'C'.
11. The Department will have available to it certain remedies which are set out in the Sixth Schedule in the event that the co-operative defaults in the observance or performance of any obligation hereunder which is, or the performance of which is, set down as essential.

This is known as an 'actionable default'. The facts or occurrences which may give rise to an actionable default are set out in the Seventh Schedule.

12. The Co-operative and the Association shall require each individual member of the Co-operative residing on the property to execute a lease which lease shall be in accordance with the precedent annexed hereto and marked 'D'.
13. In the event that an actionable default is committed by the Co-operative and such actionable default is not remedied within thirty days after the Department or the Association has given to the co-operative notice in writing of its intention to exercise one of its remedies contained in the Sixth Schedule, then the Department or the Association shall be entitled by further notice in writing to proceed with that remedy without further objection from the Co-operative. The said period of thirty days may be extended for such further period as may be agreed to in writing between the parties. The form of notice required to be given by the Department or the Association is contained in Annexure 'E' to this Deed.
14. If the Co-operative is, in accordance with the provisions of this Deed, required by the Department or the Association to vacate the property, the Department or the Association shall be obliged to serve on the Co-operative a 'Notice to Vacate' in the form annexed hereto and marked 'F', and upon being served with such notice the co-operative shall comply with the terms and conditions set out in that Notice to Vacate.

15. In the event that the Co-operative is served with a valid Notice to Vacate, and that notice is not withdrawn by the Department or the Association on or before the final date to vacate the property, the co-operative shall comply with the directions of the Department or the Association with respect to the legal transfer of their respective interest in the property to the Association.
16. The property shall not be encumbered, sold, transferred, assigned or otherwise disposed of, or dealt with by the co-op except in accordance with the provisions of this Deed.
17. In consideration of the Department and the Lender entering into this Deed, the Co-operative and the Association hereby jointly and severally covenant, warrant and agree with the Department and with one another as follows:
 - (a) that following discharge of the first mortgage, the co-op will not encumber, sell, transfer, assign or attempt to encumber, sell transfer or assign any aquired interest in the property, including rents, or pay out of funds, except for reasonable operating expenses and necessary repairs, to any other person or entity without first having received the written consent of the Department to such sale or transfer;
 - (b) that the co-op will not convey, assign, or transfer any beneficial interest in any trust other than that stipulated by this Deed, or any right to manage or receive the rents and profits from the mortgaged property, without the prior written consent of the Association;
 - (c) that the co-op will not remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
 - (d) that the co-op will not engage in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project, without the prior written consent of the Association.
 - (f) that the co-op will not permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended;
 - (g) that the co-op will not incur any liability, direct or contingent, without the prior written consent of the Association;
 - (h) that the co-op will at all times keep the property fully and adequately insured for a sum and with an Insurer approved by the

Department. The Insurance cover shall include fire, storm and tempest cover, and public liability insurance cover.

- (i) that the Co-operative will at all times observe and comply with the LGCHP guidelines and the conditions of funding set out in the First and Second schedules and following discharge of the first mortgage will continue to manage the property in accordance with the aims and objectives of the Program contained in the First Schedule.
- (j) that the co-op will at all times ensure that the property is kept adequately maintained, in good repair and condition in accordance with standards agreed by the Department and will report promptly details of any structural defects or damage which become apparent to the Association.
- (k) The Association will endeavour to monitor on a regular ongoing basis the Co-operative's proper compliance with the NSW Rental Housing Co-operative Program Guidelines and Conditions of Funding and will submit written reports to the Department in a format and at intervals to be agreed upon between the Department and the Association.
- (l) The Co-operative shall furnish the Association with an audited statement of income and expenditure on the property for the twelve (12) months ending on 30th June in each year during such period as this Deed remains binding by not later than 31st October in each year, and shall on request supply such further information relative to the property as the Association may from time to time require.
- (m) The Association shall provide the Department each year with a copy of the audited annual statement of income and expenditure of the Co-operative on the property for the twelve (12) months ending on 30 June in each year during such period that this Deed remains binding. The Annual audited statement shall incorporate a certificate from the auditor, in a form agreed between the Association and the Department.
- (n) The Association shall provide the Department each year with a copy of the audited annual Statement of the Co-operative. The annual audited Statement shall incorporate a certificate from the auditor in a form notified to the co-operative by the Association.
- (o) In the event that at the end of a particular financial year, the Co-operative is left with a surplus it will, unless otherwise agreed to between the parties, apply that surplus in accordance with Schedule 2 of this Deed.

- (p) In the event that the Co-operative encounters financial difficulties in meeting a monthly loan repayment, the Co-operative shall follow the procedures set out in the Eighth Schedule until such time as the Co-operative's financial capacity to meet regular monthly repayment is restored.
- (q) In the event that the Co-operative is served with a Notice of Default by the Lender it will notify the Association within forty-eight (48) hours.
- (r) Upon the Association becoming aware of a Notice of Default being served on the Co-operative, then, if the default has not been remedied within fourteen (14) days after service of the notice, the Association shall immediately provide full particulars of the default in writing to the Department.
- (s) In the event that the Department exercises its power of sale over the property in accordance with the Remedies provided for in the Seventh Schedule, the Association and/or the Co-operative will comply with the Department's requests and will do all things reasonably necessary including the signing of documents, to effect the transfer of ownership of the property to the designated purchaser/transferee, provided that in all other respects the Department has fully complied with the provisions of this Deed.

(additional covenants can be added on)

18. The Lender hereby covenants warrants and agrees with the other parties to this Deed as follows:

- (a) that the terms and conditions of its first mortgage over the property and the terms and conditions of this Deed are to be read interdependently, provided that if there is any inconsistency between the two, the provisions of this Deed will prevail;
- (b) in the event of there being a default under the first mortgage which has not been remedied within the required period and which pursuant to the terms of the mortgage entitle the Lender to exercise the power of sale over the property, the Lender will not exercise those rights given to it under the mortgage unless:
 - (i) the Lender has requested in writing the Department to honour its obligations under the Letter of Comfort; and
 - (ii) the Department has failed, refused or neglected to honour its obligations under the Letter of Comfort or equivalent guarantee within a period of thirty (30) days (or such further period as may be agreed upon) after receipt of such written request.
 - (iii) the Association has been requested in writing to honour the co-operative's obligations to the Lender and has failed to do so within a period of thirty (30) days (or such further period as may be agreed upon) after receipt of such written request.
- (c) In the event that the Co-operative defaults in making a loan repayment on the due date and the co-operative remains in default for more than fourteen (14) days, the Lender shall immediately notify the Association in writing.
- (d) In the event that either or both of the Association and the Co-operative are, in accordance with the terms, covenants and conditions of this Deed, required by the Department to transfer its/their legal interest in the property back to the Department or to another Co-operative, the Lender shall do all things necessary to facilitate that transfer consistent with its own interests.

19. The Department hereby covenants, warrants and agrees with the Lender as follows:

- (a) In the event that in accordance with the provisions of this Deed, the Department requires the Co-operative to transfer its legal interests in the property back to the Association or another housing co-operative, the Department will, at settlement, discharge

the balance of moneys being owed to the Lender under the first mortgage.

- (b) In the event that the Letter of Comfort between the Department and the Lender is activated, and the Co-operative is unable to restore its financial viability within a period of twenty-four (24) months from the date on which the Letter of Comfort is activated, the Department shall discharge the co-operative's full liability to the Lender under the first mortgage before the expiry of that twenty-four month period.

(additional covenants can be added on)

20. The Department hereby covenants, warrants and agrees with the Co-operative as follows:

- (a) In the event that an 'actionable default' as defined in the Seventh Schedule, is committed by the Co-operative, the Department will not issue and service on the Co-operative a Notice to Vacate the Property or require the Co-operative to divest itself of its legal interest in the property, unless and until the Department has:
 - (i) given the co-operative every reasonable opportunity to resolve, rectify or remedy the default situation;
 - (ii) given full and proper consideration to recommendations by the Association.
 - (iii) fully investigated alternative solutions endorsed by the Association.
- (b) In the event that in accordance with the provisions of this Deed, the Department requires the Co-operative to transfer its legal interests back to the Department, the Department will proceed to sell the property at Current Market Value within sixty (60) days of the date of such transfer, unless otherwise agreed in writing between the parties.
- (c) In the event that under the Provisions of this Deed the property is sold, such sale will be undertaken by the Department at current market value. Following settlement, the Department will discharge the full balance of moneys being owed to the Lender under the first mortgage. Moneys being owed to the Department under the Second mortgage and accrued interest will be returned to the Co-operative Housing Development Fund for the extension of the NSW Co-operative Housing Program.

- (d) In the event that the property is sold, the Department will discharge any monies owed to the Co-operative and, in accordance with the provisions of the Co-operative's Rules of Incorporation.
 - (e) In the event that the property is sold, the Department will return any monies owing to the Association including any appreciation of the value of the property to the Co-operative Housing Development Fund for the extension of the NSW Co-operative Housing Program.
 - (f) In the event that the Co-operative discharges all obligations to the Department under the terms and conditions of the Second Mortgage, the Department will enter into a new Deed of Agreement with the Co-operative and the Association. Such Deed will acknowledge the Co-operative holds full title to the property, and will contain covenants to the effect that:
 - (i) the Co-operative should continue to operate in accordance with the aims and objectives of the NSW Co-operative Housing Program as laid down hereunder.
 - ii) the Co-operative will continue to operate as a Common Equity Rental Housing Co-operative, and not an Equity Co-operative, in perpetuity.
 - (ii) the Co-operative may opt to reduce tenants rents to a cost rent formula to be agreed between the parties.
- (further covenants required by the co-operative should be inserted here).
- 21. The Lender will cease to be a part to or have any continuing rights or obligations under this Deed once its loan has been repaid in full (including any interest) and its security has been discharged.
 - 22. Upon its loan being fully repaid, the Lender shall immediately take the required steps to discharge its mortgage from the property and have that discharge duly registered and noted on the Certificate of Title.
 - 23. Provided all parties agree, the terms of this Deed can be re-negotiated and a fresh Deed may be entered into. Once a fresh Deed has been finalised and duly executed by each of the parties to this Deed, the present Deed shall cease to have any effect and shall no longer be binding on any of the parties to it.
 - 24. If a new Deed is entered into it shall contain a term expressly revoking the present Deed.

25. In the case of a difference between the parties as to their respective rights and liabilities under this Deed, the parties agree that the difference will be settled by an arbitrator appointed by the parties by mutual agreement or, failing agreement, by an arbitrator nominated by the President for the time being of the Law Society of New South Wales.

IN WITNESS WHEREOF the parties have executed this Deed the day and year first above written.

FIRST SCHEDULE

Proposed Revisions to the

**RENTAL HOUSING CO-OPERATIVE PROGRAM
GUIDELINES**

The main source of public funding rental housing co-operatives is currently the Local Government and Community Housing Program. These guidelines should be read in conjunction with State and Federal guidelines for LG&CHP.

Definitions

Co-operative (or co-op) - under the requirements of the New South Wales Program, a co-operative is defined as an incorporated rental housing group, self managed by tenant members in accordance with the international principles of co-operation. The membership of a co-operative is normally restricted to tenants and prospective tenants of a co-operative. Where a co-operative wishes to include in its membership persons who are not prospective tenants, for the purpose of bringing expertise and special skills, it is required that they do not take up office bearing or management positions, unless special management needs are demonstrated.

Department - New South Wales Department of Housing.

Minister - New South Wales Minister for Housing.

1. AIMS**1.1 Primary Aim**

To develop a non-profit rental housing co-operative sector as a form of democratic, co-operatively owned housing.

To provide access to an additional form of housing. A co-op sector will compliment public housing without its membership being restricted entirely to those currently eligible for public housing but any subsidies are directed to those in need.

To encourage tenant management of housing by developing effective forms of self-management on co-operative principles.

- * To achieve tenant satisfaction with housing through:
 - affordable costs
 - security of tenure
 - acceptable housing standards
- * To achieve efficient maintenance and control over management.
- * To maximise the effective use of public grant and loan funds for co-op development.
- * To attract non-government finance for co-ops at affordable rates.
- * To develop a diverse range of co-op housing appropriate to members' needs.

- * To expand housing stock available to low income earners.
- * To achieve tenant control of housing while maintaining full accountability for use of public funds, both within and outside the co-operative.
- * To establish co-ordinating organisations to resource new co-operative groups, educate and train members, implement policy and co-ordinate and represent the sector.
- * To ensure that the program provides assistance to disadvantaged groups.

2 FUNDING

Under the LG&CHP funds are allocated for the establishment of housing co-operatives. Recommendations on broad Program expenditure and specific projects are made annually to the Minister by the LG&CHP Ministerial Advisory Committee.

Funding of projects typically takes the form of a mix of LG&CHP funds and loans raised by the co-operative. Groups may also draw on other resources they have access to such as Council and community contributions.

Private loans can be accessed through the Association to Resource Co-operative Housing Ltd. (A.R.C.H.).

3 PROCEDURES FOR APPLICATION

Groups wishing to apply for funding should contact the Association to Resource Co-operative Housing for information on application procedures and Co-op Assessment requirements under the program. Groups may also notify the Community Housing Unit, Department of Housing, of their expression of interest in the program.

A.R.C.H. will provide information about the two stage assessment procedure which ensures groups fulfill the Program Guidelines. Development or seeding grants may be available to groups judged to have successfully completed Stage 1 Assessment. This money is made available to help cover start up costs and necessary resourcing.

Groups who have successfully completed Stage 1 and 2 of the assessment process will have their submissions referred to the Ministerial Advisory Committee for consideration and recommendation for approval to the Minister.

4 CRITERIA FOR THE ASSESSMENT OF SUBMISSIONS

In the first instance, approval for funding will be based on evidence that a specific group of prospective tenants is viable as a co-operative organisation in its capacity to take on the financial and long term management of its housing.

Submissions from the applicant groups will be evaluated on the following criteria:

- i) Membership composition to be in line with agreed guidelines with regard to income levels assets, and eligibility for public housing.
- ii) Evidence of housing need on the part of prospective members and/or planned target group, and evidence of housing need in the proposed locality.
- iii) Plans for housing acquisition or construction to be appropriate to members' needs and requirements.
- iv) Contribution to expanding and improving existing housing stock.
- v) Evidence of existing or planned legal, financial, and property management structures which would be effective and appropriate to the group.
- vi) Effective management practices based on open, democratic decision making processes with a commitment to co-operative principles and member education.
- vii) Technically and financially feasible project plans and budget with a realistic time frame.
- viii) Commitment to positive action towards disadvantaged groups.
- ix) Progress in incorporation.

In assessing submissions, account will be taken of geographical location and of proposed developments to ensure that as far as possible funds are available to all parts of the State.

5 PERSONS ELIGIBLE FOR HOUSING

Membership of a co-op will normally be restricted to tenants and prospective tenants of the co-op who are willing to accept the responsibilities of membership.

People in public housing and on public housing waiting lists should have the opportunity to apply for co-op housing if they wish.

Selection of members/tenants and allocation of properties must be fair, equitable, accessible and will be determined by co-ops.

The following eligibility requirements apply:

5.1 Incomes

To meet funding requirements, at least 65% of the initial membership of each co-op must meet income eligibility requirements for public housing. When taking in new members, co-ops would be expected to maintain this percentage of incomes.

5.2 Assets

People owning, and with access to, residential property or other substantial assets will not normally be considered eligible for co-op housing.

Exceptions will need to be determined on a case by case basis, but the principles of the program - that public funds are to be directed to rental housing without private gain - shall be maintained.

Exceptions might include separating or divorcing parents where assets or house ownership are the subject of protracted legal proceedings, or owners of residential property where the owner has no legal access to it for his/her own use.

At initial application members will be expected to provide details of assets and potential assets.

6. THE SIZE OF CO-OPS

Each co-op must have a minimum of five or seven individual adult members for incorporation purposes.

Normally a maximum starting size of 30 households applies. Applications from larger groups will be considered on their merits. Funding to expand beyond this limit may be available at a later stage.

7. CO-OP PROPERTIES

7.1 Title

Under normal circumstances title will be shared between the co-op and ARCH as tenants in common. The proportion of Co-op's equity will relate to the co-op's contribution to the project. The lender of loan funds will hold a first mortgage over the property. LG&CHP grant funds will be secured by the Department with a second mortgage.

A Deed of Agreement will specify the details of title arrangements. It will also include clauses regulating the possible sale of the property.

Other title arrangements may be negotiated with the Department based on the contributions involved and the project's special merit.

Loans

As a requirement of participation in the Program, co-operatives are normally required to raise finance as a contribution to the cost of their housing. Groups are required to maximise these loans within the limits created by income based rents and making adequate provisions for all operation costs.

Private loans can be accessed through the Association to Resource Co-operative Housing Ltd. (A.R.C.H.).

Repayment of Subsidies

A co-operative may repay LG&CHP funds by increasing their co-operative's loan/equity contribution over time. Repaid LG&CHP funds are returned to the program for funding co-operative projects. This mechanism enables members to continue enjoying security of tenure, whilst maintaining the amount of housing available for those in housing need.

7.2 Standards

The co-op project should have regard to basic design standards recommended by the Department of Housing and should represent an approach to design which is appropriate to the particular needs of its residents.

7.3 Disposal of Properties

7.3.1 Sale

Co-op properties may be sold provided that:

- i) the sale complies with the Deed of Agreement;
- ii) stock sold is replaced by the new stock providing an equivalent amount of similar standard housing for members;
- iii) any surplus capital generated from such sales is returned to the co-operative programme, through the Co-op Development Fund.

7.3.1 Wind-up

In the event of a co-op dissolving or being forced to wind up, the following procedures for disposal of properties would apply:

- i) Properties may be transferred in the first instance to another housing co-operative or to a non-profit rental housing association, or A.R.C.H.. All tenants wishing to remain would become tenants of the new organisation.

- ii) The Department would have second option to take over the properties with sitting tenants.
- iii) In the case of joint venture the other contributing organisation (e.g. local council) will have second option to buy the properties.
- iv) Where none of the above occurs, properties would be offered to sitting tenants at market value in the first instance, or sold on the private market and assets realised returned to another body, such as a local council. Tenants eligible for public housing may be rehoused by the Department. Creditors would be repaid and any surplus would be returned to the co-operative program.

8. RENTS

Co-op tenants will pay rent and loan contributions for housing services not exceeding 27% of gross household income up to a ceiling of market rent.

9. FINANCIAL MANAGEMENT RESPONSIBILITIES

Operating costs must be met in full out of rental income.

The Deed of Agreements will stipulate that rent payments will be held by co-ops to pay for loan repayments and operating costs, such as rates, vacancies and arrears, insurance, management costs and day to day maintenance. It is also necessary for co-ops to establish 'sinking funds' for long term cyclical maintenance.

10. SURPLUSES

Rental income must in the first instance be used for the above purposes. However, surpluses generated through any savings on these costs may be used for the following:

- (a) Raising of more private finance to contribute equity to the project.
- (b) Raising of additional finance for purchasing additional dwellings for the expansion of the housing co-operative.
- (c) Alterations and additions to the co-operative's existing dwellings, that require planning and/or building approval.
- (d) Surpluses may be returned to the co-op program for the purposes of new rental co-operative housing in accordance with Program Guidelines.

Surpluses generated from rent income in excess of necessary repayments and allowable operating costs or following repayments of mortgages and/or subsidies, will return to the Co-operative Program for future co-op housing.

11. INCORPORATION

Co-ops are required to become incorporated bodies before receiving funding. the main form of incorporation is as a Co-operative under the Co-operation Act 1923.

Co-ops starting up or operating under the auspices of another already incorporated organisation will not be required to become separately incorporated as long as they can show that the structure of the parent organisation allows for adequate autonomy and self-managment by the co-op.

Co-ops will need to demonstrate that their rules of incorporation are appropriate to their managment structures and their development plans. Approved co-ops may be eligible for development grants which will include the cost of incorporation.

12. MANAGEMENT RESPONSIBILITIES OF CO-OPS

Co-ops will be responsible for the following tasks of on-going self-management:

- housing allocation and member selection
- maintenance
- rent collection, etc.
- maintaining finance systems, including bookkeeping, budgetting, and preparation of accounts.
- tenancy matters including rent arrears and disputes.

Co-ops will need to show that their chosen management structures:

- i) are consistent with their chosen form of incorporation;
- ii) are appropriate to their organisation's goal;
- iii) will allow democratic control.

Audited accounts will be required annually by the Department.

In addition, in line with Federal program requirements, co-ops will be expected to proved each year the following information:

- tenants profile
- annual report
- income and expenditure statement
- financial resources attracted from outside the LG&CHP

13. TENANTS RIGHTS IN CO-OPERATIVES

Co-operatives funded are intended to provide long term, secure housing. Leases and tenancy agreements should be designed to offer security of tenure appropriate to the form of housing provided. Co-ops must demonstrate clear and effective procedures to deal with disputes.

Co-ops will be expected to use the approved co-op lease/sublease unless otherwise agreed.

Further Information

Associaton to Resource
Co-operative Housing
Box 18, Trades Hall
4 Goulburn Street
Sydney 2000 Phone: (02) 267-9414

Mark Nutting
Program Officer for Co-ops under LG&CHP
Department of Housing, Phone: (02) 8216594

SECOND SCHEDULE

**THE STANDARD CONDITIONS OF FUNDING FOR COMMON EQUITY
RENTAL HOUSING CO-OPERATIVES FUNDED UNDER THE LOCAL
GOVERNMENT AND COMMUNITY HOUSING PROGRAM**

The following terms and conditions shall apply to the operation and management of the co-operative.

1 **Occupation:** the co-operative will ensure that the property is occupied to its full potential and capacity (a minimum of one person per bedroom) and use its best endeavours to let the property to members in accordance with the provisions of this Deed.

1.2 **Allocation:** The co-operative will ensure that if at any time, there is a greater percentage of tenants earning a gross income above the current Department of Housing Income criteria than is established in the Co-operative Housing Program Guidelines, then the co-operative will fill subsequent vacancies with tenants who are eligible for public housing.

If the co-operative cannot meet its financial obligations under this funding condition, it will apply to the Community Housing Unit of the Department for a variation of this ruling.

2.0 **Surpluses:** An operating surplus will be held to exist when a co-operative holds funds (other than sinking fund reserves) in excess of 18 weeks rental income.

2.1 **Use of Surpluses:** If the co-operative generates a significant net surplus of funds above its recurrent liabilities it can, following specific approval from the Department and the Association apply surplus funds to the following:

- i) The quicker repayment of first mortgage and/or reduction of the co-operative's loan principal;
- ii) return of surpluses to the Co-operative Development Fund;
- iii) increasing the amount of First Mortgage;
- iv) the raising of additional finance for purchasing additional dwellings or alterations/improvements to existing dwellings that require planning or building approval, or for acquiring additional equity in the property;
- v) the direct financing of alterations and additions to the co-operative's existing dwellings that require planning or building approval;

2.2 Procedure for Return of Surpluses: The following is the procedure for return of surpluses to the Co-operative Housing Development Fund.

- i) when surpluses are used to increase 1st mortgage, the Lender will credit the Co-operative Housing Development Fund, through the Association, with any extra monies raised.
- ii) when surpluses are returned to the program directly, the Co-operative will credit the Co-operative Housing Development Fund, through the Association.

2.3 Co-operative Housing Development Fund: The Co-operative Housing Development Fund will be held by the Association. Monies held within the Fund will be used exclusively for the maintenance and extension of the NSW Co-operative Housing Program.

3.0 Lease: The Co-operative undertakes to use the approved Co-operative Housing Program Tenancy Agreement (Lease) unless by prior written agreement with the Department. The approved Lease is appended to this document as Annexure H.

4.0 Rental Formula: Rent payable by co-operative members shall be in accordance with the Department's current rental formula as notified to the co-op. In addition, co-operative tenants agree to pay a contribution as a co-operative rent alongside the rental payment. The sum of the contribution and rent shall be equal to 27 per cent of individual tenant's gross household income up to a ceiling rent.

4.1 Gross Income: Gross household income shall include all income excluding the family allowance and 85 per cent the family allowance supplement.

4.2 Ceiling Rent: The ceiling rent shall be equivalent to market rent for the property. The market rent for a dwelling will be equal to the market rent in the same locality for a dwelling comparable in size and condition, in line with the market rents determined by the Department of Housing for its properties.

4.3 Levy: The co-operative may charge a levy on all tenants, either proportional to the rents tenants are paying or at a rate agreed to by the Association, in order to meet any unforeseen shortfalls in the co-operative's budget. The first call on this levy will be for loan repayments.

4.4 Income verification: The co-operative will carry out regular reviews of tenants incomes in line with Departmental Policy and carry out

any necessary checks to verify incomes and take action if they are aware of any fraudulent activity in relation to the declaration of income. The following conditions will apply:

- (i) Co-operatives will be required to verify tenant's incomes on a six (6) monthly basis (although reporting to the Department via the Association may occur on a yearly basis).
- (ii) The Co-operative will be required to furnish to the Department via the Association a Statutory Declaration confirming that the Co-operative has verified tenant's incomes in accordance with the following procedure.
- (iii) For income verification to have occurred the co-operative must have sighted an income statement from the Department of Social Security and/or an income statement from the tenant's employer(s), or tax assessment form for self employed persons. Unless details of income are provided a full market rent shall be charged.

4.5 Reducation to Department of Housing Rebated Rental Formula: The co-operative may apply to the Department via the Association to reduce tenants' financial obligations down to rebated Departmental rent. This can only be applied if the co-operative can demonstrate that it can meet its ongoing financial obligations and this is not in breach of any borrowing conditions imposed by a lending institution. The current rebated rent policy is attached as Annexure G

5.0 Good Repair: The Co-operative will at all times keep in good and a fit state of habitation and tenantable condition all properties held under this Deed including all gardens, boundary walls and fences, drains and other pipes belonging to such accommodation, at a standard agreed to by the Department.

5.1 Three yearly Inspection: The Co-operative will undertake to engage before the 3rd anniversary of the 1st mortgage a properly qualified consultant or other person possessed of building expertise acceptable to the Association to inspect all of the freehold properties comprised by the property and report on their state of repair and give a valuation of the property, unless specified by the Department, Lender or the Association.

5.2 Agreement to undertake works: The Co-operative will take all steps that are necessary to ensure that works to the property and advised by the building inspector are executed within a reasonable period.

6.0 Financial obligations: The co-operative shall pay all recurring municipal, water, sewerage and other rates, taxes, and outgoings in

respect of the property, except where application for exemption of payment of rates, under the Local Government Act, has been agreed to by the local council.

- 6.1 **Maintenance:** the co-operative will maintain, replace, repair and keep the whole of the property in good and substantial repair, working order and condition, setting aside adequate amounts from rental income to cover both daily and cyclical maintenance, such items being separately accounted for. The co-operative will use its best endeavours to ensure that adequate funds are set aside at all times to cover maintenance of the property.
- 6.2 **Daily Maintenance:** (definition to be added from LGCHP kit) the co-operative will undertake to spend no more than an amount equivalent to 1.5 per cent of the replacement cost of the property in any one year. Any expenditure in excess of this amount must be by prior written agreement with the Association. Expenditure on daily maintenance must be in accordance with Department standards.
- 6.3 **Cyclical Maintenance:** the co-operative will undertake to set aside each year no more than an amount equivalent to 3 per cent of the replacement cost of the building and no less than 1 per cent of the replacement cost of the building to cover long term maintenance. Expenditure on cyclical maintenance must be in accordance with Department standards. Any expenditure in excess of these amounts must be by prior written agreement with the Association.
- 6.4 **Replacement Cost:** The replacement cost of the building will be calculated from current Master Builders' Association figures per square metre and adjusted annually for CPI and changes in building costs.
- 6.5 **Quotations:** The Co-operative agrees that all repairs to the demised property in excess of \$500 (Five hundred dollars), and adjusted annually for CPI, will be subject to more than one quotation, except in helath and life threatening circumstances.
- 6.6 **Sinking Fund:** the co-operative agrees to set aside adequate monies for long term cyclical maintenance each year in a Sinking Fund. Interest from the Sinking Fund will either be added to overall co-operative income year year, accrue to the Sinking Fund itself, or be used for other purposes approved within this Deed.
- 7.0 **Insurances:** The co-operative will take out and pay all premiums for appropriate insurances to cover at all times:
 - i) Building Insurance
 - ii) Public Liability
 - iii) Fidelity Guarantee
 - iv) Voluntary Workers Accident

and, when appropriate:

- v) common contents
- vi) workers compensation

- 7.1 **Building Insurance:** Building Insurance will cover an adequate amount for the full replacement value of the property and name the Association as joint insured.
- 7.2 **Public Liability:** Public Liability cover must be adequate and shall cover an amount not less than \$5,000,000. and adjusted at five yearly intervals for CPI. Public Liability cover will also name the Association as joint insured.
- 7.3 **Approved Insurer:** Building and Public Liability insurances will and will be current at all times and taken out with an insurance company approved by the Association.
- 8.0 **Contingencies:** The co-operative undertakes to set aside an amount for vacancies, arrears of between 2 and 6 per cent of annual rental income. Any amount in excess of this must be by prior written agreement with the Association.
- 8.1 **Administration:** The Co-operative undertakes to set aside an amount to cover administrative overheads each year not exceeding 6 per cent of annual rental income. Any amount in excess of this must be by prior written agreement with the Association.
- 8.2 **Definition of Administration:** The administrative overheads will include office telephone and lighting, equipment, stationary, auditing, building inspection and other costs involved in the administration of housing.
- 9.0 **Arbitration:** The co-operative agrees to take all long term unresolved disputes not covered by the Rental Tenancy Tribunal to the Arbitration Committee of the Association and to abide by its findings.
- 10.0 **End of Year Account:** The co-operative agrees to provide to the Association, on a date no later than 90 days after the end of the financial year, the following:
 - i) a profile of tenants, with verified incomes, and individual housing allocation (the profile need not give names, but must be ascertained by a certified auditor)
 - ii) a profile of housing stock held by the co-operative
 - iii) an audited income and expenditure statement
 - iv) a proposed budget for the forthcoming year
 - v) proof of insurance cover for building and public liability.

SUMMARY OF KEY ELEMENTS OF THE CURRENT RENTAL POLICY FOR HOUSING CO-OPERATIVES

Departmental Rent

Tenants shall pay 27 % of gross income up to market rent or other such percentage as shall be determined by the Department.

Market Rents

Rents shall be assessed according to the market rent for dwellings in the same locality of a comparable size and condition.

Gross Income

Gross income shall include all household income excluding the family allowance and 85 per cent the family allowance supplement

Income Verification

- 1 Co-operatives will be required to verify tenant's incomes on a six (6) monthly basis.
- 2 Co-operatives will be required to furnish to the Department via the Association a Statutory Declaration confirming that the co-operative has verified tenants incomes in accordance with the following procedure.

For income verification to have occurred the co-operative must have sighted an income statement from the Department of Social Security and/or an income statement from the tenants' employer(s). Unless details of income are provided a full market rent shall be charged.

THIRD SCHEDULE**THE ROLE OF THE ASSOCIATION TO RESOURCE CO-OPERATIVE HOUSING (ARCH) LTD.****PREAMBLE**

The Association to Resource Co-operative Housing is the main body in NSW responsible for the development, resourcing and monitoring of co-operative housing.

The primary aim of the Association is to develop and maintain a non-profit rental co-operative housing sector in New South Wales.

In pursuance of this aim, the objectives of the Association are to resource and train co-operative groups willing to undertake responsibility for housing. The Association oversees the assessment process by which groups are passed for approval to the LGACHP Ministerial Advisory Committee through the Department of Housing. The Association is the prime agency for attracting private mortgage funding to the sector. Another objective is to continue to act for on-going education and training for the sector, and to ensure the accountability and monitoring of the sector.

The Association supports the aims and objects of the Co-operative and in line with its own aims and objects will provide organisation support and professional services to the Co-operative to enable it to achieve those objects.

AGREEMENT BETWEEN THE ASSOCIATION AND THE CO-OPERATIVE

THIS AGREEMENT SHALL APPLY ONLY TO PROPERTIES PURCHASED PARTLY OR WHOLLY SPECIFIED IN THIS DEED AND SHALL HAVE NO EFFECT IN RESPECT OF:

- 1 Properties purchased wholly using the co-operative's resources.
- 2 Properties purchased wholly using funds provided by other government programs.
- 3 The Association will hold a loan repayment reserve on behalf of the co-operative of an amount not less than two months loan repayment to the lender.
- 4 The Association may, on the request of the co-operative or the lender, release such loan reserve to cover the co-operative's repayment obligations to the lender.
- 5 The Association agrees to assist the co-operative triennially to draw up budgets or other necessary information for either increasing, restructuring or refinancing of the 1st mortgage.
- 6 The Association will provide the co-operative access to an adjudication procedure and committee for the settlement of disputes other than those covered by the Rental Tenancies Act.
- 7 The Association may call a meeting of the full membership or any committee of the co-operative, if the co-operative fails to comply with any of the terms and conditions of this Deed. Such meeting will be called with a minimum of two weeks notice in writing to the co-operative at its registered address.
- 8 The Co-operative agrees to furnish the Association with details regarding the proper operation of the co-operative in line with the terms and conditions of this Deed.
- 9 The Co-operative will provide a copy of its Registered Rules and By-laws to the Association, and will undertake to inform the Association of any changes made to Rules and By-laws.
- 10 The Co-operative will not alter its Rules and By-laws so that it is in conflict with the aims and objectives of the NSW Rental Housing Co-operative Program (N.B. perhaps this should be in main body of Deed).

- 11 The Co-operative agrees to undertake all responsibility for recurrent liabilities incurred on the property and to furnish the Association with documents giving the following information on an annual basis:

- i) Tenant Profile, occupancy rate and Housing Allocation;
- ii) Description of Housing Stock;
- iii) Insurance policies for Building and Public Liability;
- iv) Audited Statement of Expenditure and Revenue;
- v) Proposed budget for forthcoming year.

Such documentation will be prepared in the manner prescribed by the Association and given in Annexure H. Changes to such documentation will be notified to the Co-operative in writing with a minimum of 60 days notice.

Such documentation will be passed to the Association no later than 90 days after the end of the financial year, which is the 30th June.

- 12 The Association undertakes to pass such documentation to the Department on behalf of the co-operative no less than 120 days after the end of the financial year.
- 13 The Association will endeavour to provide educational and training services to approved co-operatives in the aspects of running a housing co-operative and in managing housing units.
- 14 The Association will assist in the establishment and maintenance of book-keeping systems that meet all legal and program requirements and will endeavour to supply on-going assistance to maintaining such systems over time.
- 15 The Association will endeavour to provide information to co-operatives regarding their rights and responsibilities under the Residential Tenancies Act.
- 16 The Association will endeavour to provide education which will assist the co-operative in policies and processes which are in keeping with the principles of co-operation in the following areas:
- * meeting procedures
 - * tenant selection
 - * rent arrears/evictions
 - * maintenance of properties
 - * conflict resolution.
- 17 The Co-operative agrees to allow a percentage of interest accrued annually on its Loan Repayment Reserve to be paid to the

Association for services undertaken in regard to this agreement, such percentage to be established by the Board of the Association and notified to the co-operative in writing annually.

- 18 The Association will effect a "Sleepeasy" insurance to cover Public Liability in the event that the Housing Co-operative insurance fails to respond to a claim.
- 19 The Co-operative agrees to occupy, use and keep the property at the risk of the co-operative and hereby releases to the fullest extent permitted by law, the Association from all claims and demands of every kind resulting from any accident, damage or injury occurring therein and the co-operative expressly agrees that the Association shall have no responsibility or liability for any loss or any damage to fixtures and/or personal property of the co-operative.

FOURTH SCHEDULE OF DEED OF AGREEMENT

Outline of approved costs:

CONTRIBUTION FROM LG&CHP \$

This amount to be provided from
LG&CHP funds held by the NSW
Department of Housing.

CONTRIBUTION FROM CO-OPERATIVE \$

This amount to be provided by the
Co-operative on or before
occupation of the premises and be
recognisable in the following
forms:

cash	\$
land to the value	\$
sweat equity to the value	\$

TOTAL PROJECT COST \$

This amount to be recognised as
the sum of contributions from
LG&CHP and the co-operative.
LG&CHP funds up to this amount
may be required as project finance
until occupation of the premises by
the co-operative.

FIFTH SCHEDULE OF DEED OF AGREEMENT

Description of property occupied by the Co-operative:

THE LAND:

- (i) Address (number, name, street and locality):
- (ii) Nature of improvements (vacant land, cottage, flats etc):
- (iii) Lot/Portion: Section: Plan:
- (iv) Title References:
- (v) Approximate dimensions and area:
- (vi) Nature of Estate, holding or interest in land, if other than fee simple:

ANCILLARY TO THE LAND; FURNISHINGS AND CHATTELS:

More than one property may be included in this schedule.

SIXTH SCHEDULE

Remedies on Default

A. Remedies Arising out of Default in Loan Repayments

At any time after an 'actionable default' has been committed as defined in the Seventh Schedule, the Department may in the manner and at the times the Department in its absolute discretion deems appropriate do any or all of the following:

1. In the event that the Co-op defaults in a monthly loan repayment to the Lender, and:
 - (i) the Co-op has exhausted its contingency fund; and
 - (ii) the Co-op has exhausted its 'loan repayment reserve', being moneys held in trust for the Co-op by The Association; and
 - (iii) The Association has notified the Department of this situation and requested the Department to intervene, then
 - (a) the Department shall have regard to, and in its discretion may act upon, any recommendations made to it by The Association;
 - (b) if other measures fail to restore financial capacity to the Co-op, and the Co-op's incapacity to meet its continuing loan repayments persists, the Department shall:
 - i. activate its letter of comfort with the Lender; and
 - ii. appoint the Board of The Association as interim administrators to manage repayments; and
 - iii. request ARCH to take whatever other steps or measures it considers appropriate or necessary to restore financial capacity and viability to the co-operative.
2. Once the Department's letter of comfort with the Lender has been activated, the Department will, in consultation with The Association, decide whether the Co-op can be restored to financial viability. If it is determined that the Co-op is not viable the Department may issue and serve on the Co-op the required Notice to Vacate (see Annexure 'F').

Once the Co-op members have vacated the property, the Department may either:

- (i) require the Co-op to transfer its respective interest in the property to The Association;
- (ii) require the Co-op to transfer its equity interest in the property to another co-operative approved for funding under the Program.

B. Remedies Arising out of Actionable Defaults, Excluding Those Which Relate Solely to Failure to Make Loan Repayments.

3. In the case of any other actionable default, upon the Department receiving the required notice of such default, the Department may do any or all of the following:
 - (i) consult with The Association with a view to having the default in question rectified to the satisfaction of the Department;
 - (ii) request a written report from The Association setting out the relevant history, facts, issues and its recommendations as to the options available to rectify the actionable default in question;
 - (iii) request a 'round table' meeting with The Association and representatives of the Co-op with a view to resolving the default in question;
 - (iv) have a representative of the Department carry out an inspection of the property if required;
 - (v) issue written directions to The Association and/or the Co-op, and set a time limit for satisfactory compliance with those directions.
4. If the Department has exhausted the measures available to it in the preceding paragraph, and the actionable default in question remains either unremedied, unrectified or unresolved, then before taking any further action, the Department shall require The Association to provide the Department with a written report dealing with the question of whether or not, in the circumstances, the Co-op should be given a Notice to Vacate the Property.
5. If The Association, in its report, recommends that the Co-op should be served with a Notice to Vacate the Property, then the Department, in its absolute discretion, may issue such a notice.

6. If The Association, in its report to the Department, recommends alternative solutions other than serving the Co-op with a Notice to Vacate, then the Department shall give proper consideration to those other options before reaching its final decision. Once the Department has given the other options proper consideration, the Department may, in its absolute discretion, either pursue one or other of those options or alternatively proceed to issue and serve the Co-op with a Notice to Vacate.

SEVENTH SCHEDULE

The Co-op shall, at the option of the Department, be immediately in default upon the occurrence of any of the following:

- (a) If there is a default (other than by the Department or the Lender) in the performance of any term, covenant, agreement or condition contained in or implied by this Deed;
- (b) If there is any default by the Co-op in the performance of any term, covenant, agreement or condition contained in or implied by the first mortgage entered into with the Lender;
- (c) If there is any default by the Co-op in the performance of any term, covenant, agreement or condition contained in or implied by the second mortgage entered into with the department;
- (d) If there is a default by the Co-op in making a loan repayment to the Lender on the due date and that default continues for a period of not less than thirty (30) days;
- (e) If the Co-op receives a written notice from The Association advising it that it is in breach of one of the guidelines contained in the Local Government and Community Housing Programme or associated Co-operative Housing Program containing a direction that such breach or breaches be rectified by a certain date and the Co-op, without reasonable excuse, fails to comply with that direction;
- (f) If the Co-op ceases to be registered as a common equity rental co-operative under the Co-operatives Act of New South Wales;
- (g) If the Department receives a written advice from The Association to the effect that the Co-op, either due to change of membership or persistent breaching of the LGCHP or Program Guidelines, or the Rental Tenancies Act, 1989, is no longer eligible to receive funding under the Co-operative Housing Program;
- (h) If the Co-op receives a 'Notice of Default' from the Lender, and the default specified in that notice is not remedied to the satisfaction of the Lender within a period of thirty (30) days after receipt of such notice.

EIGHTH SCHEDULELoan Arrears/Default Procedures

In the event that the Co-op encounters difficulties in meeting its monthly loan repayments, the following procedures will come into effect:

1. The Co-op will initially rely upon funds held in its sinking fund to maintain its loan repayments.
2. In addition, or as an alternative, the Co-op may charge a levy on its members as a temporary measure to enable it to continue meeting its obligations to the Lender until such time as its financial capacity can be restored.
3. In the event that the Co-op sinking fund is exhausted, and it has insufficient means to maintain its repayments to the Lender, the Co-op shall request access to its 'loan repayment reserve', which will be held in trust for it by The Association. The loan reserve will have the capacity to meet two months of repayments to the Lender. Use of the loan reserve fund is at the discretion of the Board of The Association.
4. If The Association decides to utilise the loan repayment reserve on behalf of the Co-op, The Association will:
 - (i) advise the Department;
 - (ii) require the Finance Committee of the Co-op to attend a meeting to explain the basis of the co-op's financial difficulty; and
 - (iii) following that meeting, prepare a report for the Department stating what steps are to be taken to resolve the difficulty and to restore the Co-op to its required financial capacity.
5. If it appears to The Association that the Co-op's financial viability will not be restored at the end of the grace period afforded by the loan repayment reserve, it shall notify the Department with a recommendation that the Department's letter of comfort be activated whilst further efforts are made by The Association and the Department to resolve the Co-op's financial difficulties. Such notice must be given by The Association to the Department no

later than fourteen (14) days before the expiry of the loan repayment reserve.

6. The letter of comfort will then be activated and the Department will pursue the remedies available to it in the Sixth Schedule.

Annexure 'A'**FIRST REGISTERED MORTGAGE**

The St. George registered mortgage on the property.

Annexure 'B'

SECOND REGISTERED MORTGAGE

Annexure 'C'**LETTER OF COMFORT****Note:**

1. The parties to the letter of comfort will be the Lender and the Department of Housing.
2. As to the contents of the letter of comfort, reference should be made to the draft loan arrears/default procedures applying to Co-op loans prepared by ARCH in conjunction with the St. George Building Society contained in draft report dated 1 August 1989.
3. The letter of comfort will establish that the Department of Housing will pay on behalf of the Co-op the equivalent of up to twenty-four (24) months in mortgage repayments should the Co-operative default on loan repayments.

Annexure 'D'**RESIDENTIAL TENANCY AGREEMENT**

THIS AGREEMENT IS IN TWO PARTS. PART 1 SETS OUT THE TERMS OF THE AGREEMENT AND PART 2 CONTAINS THE RESIDENTIAL PREMISES CONDITION REPORT

RESIDENTIAL TENANCY AGREEMENT

THIS AGREEMENT is made on __/__/__ at _____ NSW

LANDLORD _____

WHOSE AGENT IS _____

TENANT _____

PREMISES. The landlord gives the tenant the right to occupy the premises at _____

which are furnished or unfurnished (cross out if not needed)

and the following parking space and storeroom (cross out if not needed)

The furniture and furnishings set out in the condition report are included.

No more than _____ persons may occupy the premises.

RENT. The rent is \$ _____ payable every _____

RENT. The rent is \$ _____ payable every _____ starting on ____/____/____. The rent may change during the fixed term if the Co-op is informed, in writing by the Department of Housing of changes of market rent or to the rent rebate formula.

The tenant pays in advance on _____ of every _____ to the landlord or the landlord's agent at _____

_____ or any other reasonable place the landlord names in writing or into an account named by the landlord.

TERM. The term of this agreement is _____ beginning on ____/____/____ and ending on ____/____/____.

CONTINUATION. (Cross out if not needed.)

At the end of the term the tenant can stay in the residential premises at the same rent (or at an increased rent if the rent is increased in accordance with the Residential Tenancies Act 1987) but otherwise under the same terms unless or until the agreement is ended in accordance with the Residential Tenancies Act 1987.

RENTAL BOND. (Cross out if a bond is not needed.)

A Rental Bond of \$ _____ must be paid by the tenant to the landlord or the landlord's agent on or before signing this agreement.

THE AGREEMENT

1. The landlord agrees to give the tenant:

1.1 a copy of this agreement, at or before the time the agreement is signed and given by the tenant to the landlord or a person on the landlord's behalf; and

1.2 a copy of the agreement, signed by both landlord and tenant, at the time of signing.

RENT

2. The tenant agrees to pay rent on time.

PAYMENT OF COUNCIL RATES, WATER RATES, LAND TAX AND OTHER CHARGES

3. The landlord agrees to pay:

- 3.1 Council rates; and

- 3.2 Water rates (except where this agreement contains an additional term about charges made under the "user pays" billing system); and

- 3.3 land taxes; and

- 3.4 charges under any other Act for the residential premises except for:

- 3.4.1 electricity; and

- 3.4.2 gas; and

- 3.4.3 excess water; and

- 3.5 any other charges in the additional terms of this agreement, which are payable by the tenant under the Residential Tenancies Act, 1987 or the regulations under that Act (for example, septic tank pump out or excess garbage or sanitary charges).

4. The tenant agrees to pay:

- 4.1 for electricity; and

- 4.2 for gas; and

- 4.3 for excess water used during the term of this agreement; and

- 4.4 any other charges set out in the additional terms of this agreement which are payable by the tenant under the Residential Tenancies Act, 1987 or the regulations under the Act (for example septic tank pump out or excess garbage or sanitary charges).

POSSESSION OF THE PREMISES

5. The landlord agrees:

5.1 to make sure the residential premises are vacant so the tenant can move in on the date agreed; and

5.2 there is no legal reason that the landlord knows about, or should know about when signing this agreement, why the premises cannot be used as a residence for the term of this agreement.

TENANT'S RIGHT TO QUIET ENJOYMENT

6. The landlord agrees:

6.1 that the tenant will have quiet enjoyment of the residential premises without interruption by the landlord or any person claiming by, through or under the landlord or having superior title to that of the landlord; and

6.2 that the landlord or the landlord's agent will not interfere, or cause or permit any interference, with the reasonable peace, comfort or privacy of the tenant in using the premises.

USE OF THE PREMISES

7. The tenant agrees:

7.1 not to use the residential premises, or cause or permit the premises to be used, for any illegal purpose; and

7.2 not to cause or permit a nuisance; and

7.3 not to interfere, or cause or permit interference with, the reasonable peace, comfort or privacy of neighbours.

LANDLORD'S ACCESS TO THE PREMISES

8. The landlord, the landlord's agent or any person authorised in writing by the landlord, during the currency of this agreement, may only enter the residential premises in the following circumstances:

8.1 in an emergency (including entry for the purpose of carrying out urgent repairs; or

8.2 if the tenant agrees; or

- 8.3 if the Tribunal so orders; or
- 8.4 if there is good reason for the landlord to believe the premises are abandoned; or
- 8.5 to inspect the premises, if the tenant gets 7 days written notice (no more than 1 inspection is allowed in any period of 6 months); or
- 8.6 to carry out necessary repairs, if the tenant gets 2 days notice on each occasion; or
- 8.7 to show the premises to prospective buyers or new or existing mortgagees on a reasonable number of occasions, if the tenant gets reasonable notice on each occasion; or
- 8.8 to show the premises to prospective tenants on a reasonable number of occasions if the tenant gets reasonable notice on each occasion. (This is only allowed during the last 14 days of the agreement).
- 8.9 A person must not enter the premises under the clause 8.5, 8.6, 8.7 or 8.8:
 - 8.9.1 on a Sunday or a public holiday, unless the tenant agrees; and
 - 8.9.2 except between the hours of 8:00 am and 8:00 pm, unless the tenant agrees; and
- 8.10 Except in an emergency (including to carry out urgent repairs) a person other than the landlord or landlord's agent must produce to the tenant the landlord's or the landlord's agent's written permission to enter the residential premises.

CLEANLINESS, REPAIRS AND DAMAGE TO THE PREMISES

9. The landlord agrees:

- 9.1 to make sure the premises are clean and fit to live in; and
- 9.2 to keep the premises in reasonable repair.

10. The tenant agrees:

- 10.1 to keep the residential premises reasonably clean; and
- 10.2 to notify the landlord as soon as practicable, in writing, of any damage to the premises; and

10.3 not to intentionally or negligently cause or permit any damage to the premises; and

10.4 when the agreement ends, to leave the premises as nearly as possible in the same condition (fair wear and tear excepted) as set out in the premises condition report (see Part 2).

ALTERATIONS AND ADDITIONS TO THE PREMISES

11. The tenant agrees:

11.1 not to attach any fixture or renovate, alter or add to the premises without the landlord's written permission; and

11.2 not to remove, without the landlord's written permission, any fixture attached by the tenant; and

11.3 to notify the landlord of any damage caused by removing any fixture attached by the tenant; and

11.4 to repair any damage caused by removing the fixture or compensate the landlord for the cost of repair, if the landlord asks.

12. The landlord agrees to compensate the tenant as soon as possible for the value of a fixture attached by the tenant if the landlord refuses to allow its removal.

URGENT REPAIRS

13. The landlord agrees to pay the tenant, within 14 days after receiving written notice from the tenant, any reasonable costs (not exceeding \$500 or any other amount set out in the regulations made under the Residential Tenancies Act 1987) the tenant has incurred for making urgent repairs (of the type set out below) so long as:

13.1 the damage was not caused as a result of a breach of this agreement by the tenant; and

13.2 the tenant gives or makes a reasonable attempt to give the landlord notice of the damage; and

13.3 the tenant gives the landlord a reasonable opportunity to make the repairs; and

13.4 the tenant makes a reasonable attempt to have any appropriate tradesperson named in this agreement make the repairs; and

13.5 the repairs are carried out, where appropriate, by licensed or properly qualified persons; and

13.6 the tenant as soon as possible gives or tries to give the landlord written details of the repairs, including the cost and the receipts for anything the tenant pays for.

13.7 The type of urgent repairs to the residential premises for which the landlord agrees to make payment are repairs to:

13.7.1 a burst water service; or

13.7.2 a blocked or broken lavatory system; or

13.7.3 a serious roof leak; or

13.7.4 a gas leak; or

13.7.5 a dangerous electrical fault; or

13.7.6 flooding or serious flood damage; or

13.7.7 serious storm or fire damage; or

13.7.8 a failure or breakdown of the gas, electricity or water supply to the premises; or

13.7.9 a failure or breakdown of any essential service on the premises for hot water, cooking, heating or laundering; or

13.7.10 any fault or damage that causes the premises to be unsafe or not secure; or

13.7.11 any other damage listed in a regulation made under the Residential Tenancies Act 1987.

Tradeperson/s _____

LOCKS AND SECURITY DEVICES

14. The landlord agrees:

14.1 to provide and maintain locks or other security devices necessary to keep the residential premises reasonably secure; and

14.2 not to alter, remove or add any lock or other security device without reasonable excuse (which includes an emergency or an order of the Tribunal) unless the tenant agrees; and

14.3 to give the tenant a copy of the key or opening device or information to open any lock or security device which is added or altered, except where the tenant agrees not to be given a copy or the Tribunal so orders.

15. The tenant agrees:

15.1 not to alter, remove or add any lock or other security device without reasonable excuse (which includes an emergency or an order of the Tribunal) unless the landlord agrees; and

15.2 to give the landlord a copy of the key or opening device or information to open any lock or security device which is altered or added, except where the landlord agrees not to be given a copy or the Tribunal so orders.

TENANT'S RESPONSIBILITY FOR THE ACTIONS OF OTHERS

16. The tenant agrees to be responsible to the landlord for any act or omission by any person the tenant allows on the residential premises who breaks any of the terms of the agreement.

RIGHT TO ASSIGN RIGHTS OR SUB-LET

17. A Tenant may with the landlord's prior written permission assign the whole or part of the tenant's interest under this agreement or sub-let the residential premises.

18. The landlord agrees not to charge for giving permission other than for the landlord's reasonable expenses in giving permission.

LANDLORD'S CHANGE OF ADDRESS

19. The landlord agrees:

19.1 if the residential address of the landlord changes, to give the tenant notice in writing of the change within 14 days, but only if the address is required to be given to the tenant by the Residential Tenancies Act 1987; and

19.2 if the name or business address of the landlord's agent changes or the landlord employs an agent, to give the tenant notice in writing of the change or the agent's name or business address, as the case may be, within 14 days; and

19.3 if the landlord or landlord's agent is a corporation and the name of the secretary or other responsible agent of the corporation changes or the address of the registered office of the corporation changes, to give the tenant notice in writing of the change within 14 days.

COPY OF STRATA TITLE OR LEASEHOLD STRATA TITLE BY-LAWS TO BE PROVIDED

20. The landlord agrees to give to the tenant, at the time of signing of this agreement, a copy of the by-laws applying to the residential premises if they are premises under the Strata Titles Act 1973 or a leasehold strata scheme under the Strata Titles (Leasehold) Act 1986.

ADDITIONAL TERMS

21. RENT

21.1 The rent payable to the Co-op shall be the market rent of \$ per week.

21.2 The rent will be paid two weeks in advance.

21.3 Where rent is paid by direct transfer or direct deposit, bank records may be accepted as a form of rent receipt. Where rent is paid directly to the Co-op, the Co-op will issue rent receipts at the time of receiving the rent.

21.4 Tenants will be entitled to a rent rebate depending on their gross income.

21.5 The rent rebate will be calculated as the difference between:

- a) the market rent; and
- b) 27% of the tenant's gross income.

21.6 If after signing this agreement the tenant's income is reduced the tenant will complete a rent rebate form and lodge it with the Co-op within 14 days.

21.7 The Co-op will notify the tenant of the size of the rebate which will come into effect within 14 days of the notification of the reduction in the tenant's income.

21.8 If 27% of the tenant's gross income is greater than the market rent, the tenant's rent will be market rent.

21.9 The Co-op shall give the tenant sixty (60) days notice in writing of any increase in market rent as prescribed by the Residential Tenancies Act 1987.

21.10 The Co-op will give the tenant sixty (60) days notice in writing of any changes to the rent rebate formula.

22. TERMINATION BY THE CO-OP

The co-operative must follow its own membership expulsion procedures as outlined in its own rules of incorporation before issuing a Notice of Termination unless:

22.1 the tenant is in rent arrears of 6 weeks or more and resolution of the arrears has been attempted; or.

22.2 the tenant has intentionally or recklessly caused or permitted serious damage to the residential premises or injury to the landlord, landlord's agent or neighbour who is a Co-op member.

In these circumstances the Co-operative may commence expulsion procedures after the issuing of the Notice of Termination.

23. DAMAGE TO THE PREMISES

The tenant shall be responsible for repairing damage to the premises which was done deliberately by themselves and/or their visitors. The tenant shall consult with the Maintenance Committee when undertaking the repairs.

24. NOTICE BY THE TENANT

24.1 In addition and consequent to the 21 days notice required to terminate this agreement, even during the fixed term, the tenant will follow the procedure for resignation as outlined in the Co-op Rules and By-Laws.

24.2 The period of notice may be reduced by agreement between Co-op and tenant with sufficient reason.

25. BREACH OF CONDITIONS

25.1 Any breach of this agreement will be referred to the Disputes procedure in accordance with the Co-op By-Laws. If at all possible the breach will be resolved by the Co-op at this point.

25.2 If the matter(s) relating to the breach of the conditions of this agreement is unable to be resolved by the co-op the tenant may be expelled from the Co-op. In this case the tenant's membership will cease according to the expulsion procedure in the Co-op Rules.

26. RIGHT OF APPEAL

26.1 During the period of the Notice of Termination the tenant has the right to appeal to the Co-operative for the period of notice to be extended on the basis of hardship.

26.2 This appeal must be heard by the Co-op (either Disputes Committee or similar or a General Meeting) within fourteen (14) days of being lodged in writing by the tenant.

27. STATEMENT OF RIGHTS ON EXPIRATION OF THE NOTICE OF TERMINATION

27.1 If the tenant vacates the premises before the date of expiration of the Notice of Termination issued by the Co-op they will not be held liable for any rent past the day they return the keys to the Co-op.

27.2 If the tenant is still residing in the premises beyond the date of expiration of the Notice of Termination the Co-op will seek a termination order of the Residential Tenancies Tribunal.

28. INSURANCE

The tenant shall be responsible for taking out Public Risk insurance and Contents insurance on the premises.

NOTES

Definitions

In this agreement:

"landlord" means the person who grants the right to occupy residential premises under this agreement, and includes the person's heirs, executors, administrators and assigns;

"landlord's agent" means a person who acts as the agent of the landlord and who (whether or not the person carries on any other business) carries on business as an agent for:

- a) letting of residential premises; or

b) the collection of rents payable for any tenancy of residential premises;

"regulations" means regulations made under the Residential Tenancies Act 1987;

"rental bond" means money paid by the tenant as security to carry out this agreement (The bond is deposited by the landlord with the Rental Bond Board);

"residential premises" means any premises or part of premises (including any land occupied with the premises) used or intended to be used as a place of residence;

"tenancy" means the right to occupy residential premises under this agreement;

"tenant" means the person who has the right to occupy residential premises under this agreement, and includes the person's heirs, executors, administrators and assigns;

"tribunal" means the Residential Tenancies Tribunal of New South Wales.

ENDING THE AGREEMENT

This agreement can be ended in one or more of the ways set out in the Residential Tenancies Act 1987. Any notice of termination must be in writing, give the required period and set out the grounds for termination (if any).

The landlord may give a notice to the tenant ending the agreement by:

- . delivering it personally to the tenant or a person who appears to be 16 years or older who usually pays the rent on behalf of the tenant; or
- . delivering it to the residential premises occupied by the tenant and leaving it there for the tenant with some person who appears to be 16 years or older; or
- . sending it by post to the residential premises occupied by the tenant.

A tenant may give notice to the landlord ending the agreement by:

- . delivering it personally to the landlord, the landlord's agent or a person who appears to be 16 years or older who usually receives the rent on behalf of the landlord; or
- . sending it by post or facsimile transmission to the landlord's usual place of residence or business or employment; or

- sending it by post or facsimile transmission to the landlord's agent at the agent's usual place of business.

Notice may be given to end this agreement because:

- the tenant is in rent arrears of 6 weeks or more and resolution of the arrears has not been attempted.
- the landlord or the tenant breaks the agreement.
- the tenant has ceased to be a member of the Co-operative

For any of these reasons 14 days notice must be given.

Immediate notice may be given to end this agreement because the residential premises (other than as a result of a breach of the agreement) are destroyed, uninhabitable or are resumed.

If notice is given for some other reason and the tenancy is for a fixed term, notice may only be given after the fixed term has ended.

Notice may be given by the tenant to end this agreement without a reason specified in the Residential Tenancies Act 1987 and in such a case 21 days notice must be given.

Notice may be given by the landlord to end this agreement (after the fixed term has ended) if the landlord has entered into a contract for the sale of the residential premises which requires vacant possession. In such a case 30 days notice must be given.

A landlord can apply to the Tribunal to end this agreement without first giving notice:

- if the tenant has intentionally or recklessly caused or permitted serious damage to the residential premises or injury to the landlord, landlord's agent or neighbours (or persons permitted on adjoining or adjacent premises) or there is a real risk that this might happen.
- if in the special circumstances the landlord would suffer undue hardship if required to give notice. The landlord can be ordered to pay compensation to the tenant if the agreement is ended.

A tenant can apply to the Tribunal to end this agreement without first giving notice if the landlord breaks the agreement and in the special circumstances ending the agreement can be justified.

A person must not enter residential premises or any part of residential premises of which another person has possession under a residential tenancy agreement or as a former tenant holding over after the agreement has ended for the purpose of recovering possession of the premises or part of the premises except in accordance with a judgement, warrant or order of a court or an order of the Tribunal.

This agreement may also end in other circumstances set out in the Residential Tenancies Act 1987.

RENT INCREASES

The landlord cannot increase the rent during the fixed term unless the agreement allows it.

The tenant must get 60 days notice in writing if the landlord wants to increase the rent.

The tenant can apply to the Tribunal, within 30 days of getting the notice of the rent increase for an order that the increase is excessive, having regard to the general market level of rents for similar premises in similar locations.

If the landlord has reduced or withdrawn any goods, services or facilities, the tenant can, at any time, apply to the Tribunal for an order that the rent is excessive.

The landlord and tenant enter into this agreement and agree to all its terms.

SIGNED BY THE LANDLORD

Signature of landlord

in the presence of

Name of witness

Signature of witness

SIGNED BY THE TENANT

Signature of tenant

in the presence of

Name of witness

Signature of witness

NOTE: SEE BACK OF THIS FORM FOR INSTRUCTIONS FOR COMPLETION OF THIS FORM.		CONDITION OF PREMISES AT START OF TENANCY				CONDITION OF PREMISES AT END OF TENANCY			
		CLEAN	UNDAMAGED	WORKING	TENANT AGREES	CLEAN	UNDAMAGED	WORKING	TENANT AGREES
ENTRANCE	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Other								
LOUNGE	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Television points								
	Heating								
	Other								
DINING	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Television points								
	Heating								
	Other								
KITCHEN	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Cupboards/drawers								
	Bench tops/tiling								
	Sink/disposal unit								
	Taps								
	Stove top								
	Griller								
	Oven								
	Refrigerator								
	Exhaust fan								
	Other								

RESIDENTIAL PREMISES CONDITION REPORT

RESIDENTIAL TENANCIES ACT 1987

PART 2

(Page 2 of 3)

FM0040.

NOTE: SEE BACK OF THIS FORM FOR INSTRUCTIONS FOR COMPLETION OF THIS FORM.		CONDITION OF PREMISES AT START OF TENANCY				CONDITION OF PREMISES AT END OF TENANCY			
		CLEAN	UNDAMAGED	WORKING	TENANT AGREES	CLEAN	UNDAMAGED	WORKING	TENANT AGREES
BEDROOM 1	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Other								
BEDROOM 2	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Other								
BEDROOM 3	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Other								
OTHER ROOM	Walls/ceiling								
	Doors/windows/screens								
	Blinds/curtains								
	Lights/power points								
	Floor/coverings								
	Other								
GENERAL	Storeroom/shed								
	Balcony/porch								
	Garage/car port								
	Gates/fences								
	Grounds/gardens								
	Doors								
	Stair cases								
	Letter box								
	Street number								
	Concrete paving								
	Security system								
	Other								
	Water meter reading								

COPY 1 — AGENTS COPY

COPY 2 — TENANTS COPY

COPY 3 — TENANTS COPY

NOTE: SEE BACK OF THIS FORM FOR INSTRUCTIONS FOR COMPLETION OF THIS FORM.

CONDITION OF PREMISES AT START OF TENANCY

CONDITION OF PREMISES AT END OF TENANCY

	CLEAN	UNDAMAGED	WORKING	TENANT AGREES		CLEAN	UNDAMAGED	WORKING	TENANT AGREES
Walls/ceiling									
Doors/windows/screens									
Blinds/curtains									
Lights/power points									
Floor/coverings									
Bath									
Shower									
Shower screen									
Wash basin									
Tiling									
Mirror/cabinet									
Towel rails									
Toilet/W.C.									
Heating									
Other									
Walls/ceiling									
Doors/windows/screens									
Blinds/curtains									
Lights/power points									
Floor/coverings									
Wash tubs									
Copper/washing machine									
Dryer									
Hot water service									
Other									
Furniture									

Landlord/Agent's Signature.....

Landlord/Agent's Signature.....

Tenant's Signature.....

Tenant's Signature.....

Date.....19.....

Date.....19.....

NOTE: Further items and comments may be added on a separate sheet signed by landlord/agent and tenant and attached to this report.

COPY 1 — AGENTS COPY

COPY 2 — TENANTS COPY

COPY 3 — TENANTS COPY

Signed.....

.....

.....

Annexure 'F'

NOTICE TO VACATE

The Co-operative known as _____
having committed the unactionable default of _____
_____ is in accordance with the provisions of the Deed of Agreement signed on _____
_____ required to vacate the premises of _____
_____ by _____.

The following terms and conditions apply to the vacation of the premises:

Signed _____

INCORPORATION KIT

Part III

ATTACHMENTS

Contents

1. The International Principles of Co-operatives.....p. 1
2. The Model Rules.....p. 2-20
3. Insert to The Model Rules on Consensus Decision Making...p. 21
4. The Co-operation Act.....p. 22

(Matters which must be covered in the Rules)

5. Formation Statement (2 copies).....p. 23-40
6. Information to Assist in Forming a Co-operative.....p. 41-43
7. Formation Meeting Procedures.....p. 44-45
8. Cash Flow Budget Forecast (2 copies).....p. 46-47
9. Form 1, 2, 3 and 4.....p. 48-51
10. Form 19.....p. 52

OF
RULES
CO-OPERATIVE
LTD

Interpretation

1. In these rules the context otherwise requires:
Expressions used have the same meanings as those ascribed to them by the Act.
"The Act" or "Co-operation Act" means the Co-operation Act, 1923.
"Month" means calendar month.
"Special Resolution" means a resolution passed in the manner set forth in section 80 of the Act.
Word in the singular include the plural, and vice versa.
Words importing person denote either male or female.
"Prescribed" means prescribed by the Act or by regulation.
"Regulation" means regulation under the Act.
"The Registrar" means the Registrar of Co-operative Societies or Deputy Registrar.
"Tenant member" means "tenants residing in or occupying accommodation owned or managed by the Society".

Rules

2. i) In accordance with section 73 of the Act, the rules of the society shall bind the society and all members thereof, and all persons claiming through them respectively, to the same extent as if each member had subscribed that members name affixed that members seal thereto, and there were contained in the rules a covenant on the part of each member and that members legal representatives to observe all the provisions of the rules, subject to the provisions of the Act.
ii) The rules of the society shall not be altered unless the alteration has been approved by a special resolution. No such alteration shall have effect until the alteration has been registered by the Registrar. Alteration includes addition to a rule and a rescission of a rule.
iii) Any person shall be entitled on demand to a copy of these rules upon payment of such sum not exceeding \$1.00 as the members of a general meeting may from time to time determine.

Name

3. The name of the society shall be Co-operative Ltd.

Registered Office

4. The registered office of the society shall be at
or such other place as the members of a general meeting of the society may determine. The members of a general meeting shall in accordance with section 72 (5) of the Act cause notice of any change thereof to be transmitted to the Registrar in the form prescribed within fourteen days after the change.

Objects

5. The objects of the society shall be:
(a) The provision of and/or the erection of houses or parts thereof for the members.

- (b) To provide for tenant members to exercise control over their housing through participation in the management and decision-making processes of the society.
- (c) To manage on co-operative principles the houses, land and other facilities occupied by the members under the terms of an appropriate agreement between the A.R.C.H. and the co-operative; whose terms shall exclude the right to purchase, dispose, transfer, assign or sublet any co-operative property by members.
- (d) To provide extra facilities or services needed by the co-operative or its members and relating to the property managed by the co-operative.
- (e) To educate its members, employees and the public on the principles, benefits and activities of co-operation and co-operatives.
- (f) To actively co-operative in every practical way with other co-operatives and like-minded groups and individuals.
- (g) To provide secure affordable accommodation for those who find it difficult to compete on the private rental market and/or who are experiencing a housing crisis.
- (h) Promoting public awareness and understanding of housing issues and the social context in which they occur.
- (i) To do all such lawful things as are incidental or conducive to the attainment of the above objects and the exercise of the powers of the society.
- (j) To take over the assets, liabilities and operations of the unincorporated body known as Powers

6.

The society shall have power to do the following things as incidental to its objects:

- (a) The co-operative may borrow money for the purposes of the co-operative;
 - i) It may grant security for the repayment of its borrowed money by either standard mortgage security or floating charge or other fixed security over any of its property;
 - ii) In the case of a loan from A.R.C.H. the co-operative may pay any rate of interest which it has negotiated. For a loan from any other source the co-operative shall pay interest at a rate no more than two percent a year above the home lending rate of the Commonwealth Savings Bank of Australia;
 - iii) Within the limits laid down in this rule 6 (a) the members at a general meeting may decide at any time the terms and conditions upon which money is to be borrowed and may change such terms and conditions;
- (b) To accept subscriptions and donations and bequests by person or by written appeal, public meeting for the purpose of procuring contributions to the funds of the society in the shape of donation, subscriptions or otherwise.
- (c) Provide and carry on any community service, including transport and the supply of water, gas and electricity, provide and install plant, fittings and requisites in connection with any community service, and do anything necessary or convenient for that purpose;
- (d) Erect dwellings and buildings or buildings either on behalf or for letting to members;
- (e) Acquire land on which dwellings or buildings are being or have been erected and let the same to members;
- (f) Subdivide land, make and maintain private ways, bridges, culverts and drains and make, open and dedicate roads;
- (g) Promote and carry out any charitable undertaking;
- (h) Raise money on loan for any objects of the society from time to time subject to Sections 65 and 66 of the Act;
- (i) Receive money on deposit;
- (j) Acquire by purchase or otherwise shares in any other society;
- (k) Enter into guarantees, indemnities and agreements for recourse, purchase and repurchase with an owner in relation to hire purchase agreements made between such owner and members of the society in respect of goods, plant, machinery or equipment;
- (l) Sell or let land to its members or to any other society

- 6A. The members at a general meeting shall have power to make by-laws not inconsistent with the Act, the Regulations and the Rules, governing the conduct of any operation of the society. A breach of a by-law by a member shall be deemed to be an infringement of the rules of the society and the members at a general meeting may impose fines on such members. The provisions of Section 79 of the Act shall apply to such fines.

Power to Acquire Property

7. The society may, in accordance with section 64 of the Act, acquire by lease, purchase, donation, devise, bequest or otherwise any real or personal property for any objects of the society and may sell or lease or sublease any such real or personal property.

Society may purchase members' shares

8. Subject to the provisions of section 52 of the Act, the society may, with the consent of a member, purchase any or all of the shares of that member. Shares so purchased shall be cancelled and where all the shares of a member have been purchased that person's membership in the society shall cease. Pursuant to the authority contained in this rule, the consideration for the purchase of such shares shall be paid within one month of the agreed date of purchase to a member or person whose shares have been so purchased.

Investments

9. The funds of the society may in accordance with section 68 of the Act be invested in any of the following ways:
- (a) Any securities authorised by law for the investment of trust funds;
 - (b) Deposit in any bank prescribed by the regulations or in any society which is authorised to receive deposits;
 - (c) Shares of, or deposits in, any building society registered under the Permanent Building Societies Act 1967;
 - (d) Any securities prescribed by regulation;
 - (e) Any other securities allowed by the Act.

Dealing of Members with Society

- 9A. The society may, in accordance with section 77 of the Act, make a contract with a member requiring that member to have any specified dealings with the society for a fixed period.

The society may by a special resolution from time to time require members to enter into such contracts as may be determined by such special resolution and within the time therein specified and neglect by a member to do so shall be deemed to be conduct detrimental to the society, and he shall be liable to expulsion as provided in these rules.

Seal

- 10A. The society shall, as required by section 72 (3) of the Act, have its name inscribed in legible characters upon a seal. The seal shall be kept at the registered office in such custody as the members of a general meeting shall direct.

The device of the seal shall be the name of the society within two concentric circles and encircling the word "Seal".

The seal of the society shall not be affixed to any instrument except by the authority of a resolution of the members at a general meeting and in the presence of two directors and the secretary or such other person as the members at a general meeting may appoint for the purpose and such two directors and secretary or such other person shall sign every instrument to which the seal of the society is so affixed in their presence.

Custody of Books and Documents

11. All books of accounts, securities, documents and papers of the society, other than such (if any) as the members at a general meeting may direct to be kept elsewhere, shall be kept at the registered office in such manner and with such provision for their security as the members at a general meeting shall direct. In giving any direction the members of a general meeting shall comply with section 75 of the Act.

Qualification for Membership

12. (a) Every member shall hold at least 1 share;
(b) Every member shall be a resident of property owned or managed by the co-operative;
(c) There shall be no joint shareholding.

13. In accordance with Part IIIA of the Act:

- (a) The provision of tenant controlled housing to members is a chief primary object of the society; and
(b) A member shall be over the age of 18 years and be a resident in a property which is leased from the society and attend at least 50% of the general meetings per year in order to establish active membership of the society.

Membership and Shares

14. Applications for membership, shares and additional shares shall be lodged at the registered office in or to the effect on the prescribed form, together with a deposit of \$1.00 in respect of each share applied for. Every such application shall be considered by the members at a general meeting and if approved the members board shall allot the shares applied for and the applicant's name together with the number of shares allotted, date of allotment and any other information required by regulation shall be entered in the register of members. The applicant shall be notified in writing of the allotment and of the entry in the register and that person shall thereupon be entitled to be privileges of membership.

The members at a general meeting may at their discretion refuse any application for membership or shares and need assign no reasons for such refusal. Upon refusal the applicant's deposit shall be refunded without interest.

Liability of a Member of Society

15. A member shall in accordance with section 50 of the Act be liable to the society for an amount, if any, unpaid on the shares held by that member together with any charges payable to the society, as prescribed by these rules.

Annual Subscription

- 15A. i) Members may be required to pay an annual subscription which shall:
(a) Be in addition to any other charges payable under the rules;
(b) Be determined by members at general meeting from time to time;
(c) Be payable, in advance, within the period set by the members at general meeting;
(d) Not exceed ten dollars (\$10) in any financial year.
ii) Members who do not pay any subscription determined under this rule within the period set by the members at a general meeting, or any extension which may be given by the members at general meeting, may have their share forfeited by resolution of the members at general meeting as provided by these rules.

Ceasing Membership

16. A person shall cease to be a member in any of the following circumstances:
(a) Where that members share is transferred in accordance with these rules and the transferee is registered as holder in their place;
(b) Where that member's share is forfeited in accordance with these rules;

- (c) Where that member's share is sold by the society under the power conferred by these rules and the purchaser is registered as holder in their place;
- (d) Where that member's share is purchased by the society in accordance with the Act and these rules;
- (e) Where that member is expelled in accordance with these rules;
- (f) Where the amount paid upon the member's shares is repaid to the member in accordance with these rules;
- (g) Where the member becomes bankrupt and the trustee of the member's estate disclaims any of the member's property in accordance with the law relating to bankruptcy;
- (h) On death, provided that the member's estate shall remain liable until the member's nominee, executor or administrator, or some other person is registered as holder in the member's place, or until the society pays the value of the member's share in accordance with the provisions of the Act;
- (i) Where the contract of membership is rescinded on the ground of misrepresentation or mistake.

Expulsion of Members

17. i) A member may be expelled from the society by special resolution to the effect:
- (a) That the member has failed to discharge their obligations to the society, whether prescribed by these rules or arising out of any contract;
 - (b) That the member has been guilty of conduct detrimental to the society.
- In either case written notice of the proposed resolution shall be forwarded to the member fourteen days before the date of the meeting at which the special resolution is to be moved, and the member shall be given an opportunity of being heard at the meeting.
- ii) The shares of any member expelled shall be cancelled as at the date of expulsion and the cancellation shall be noted in the register of shares. The society shall however pay to the expelled member the amount of capital paid up on that member's shares at the time of expulsion unless the accounts of the society disclose a deficiency.
- For the purpose of this rule "deficiency" shall mean the amount of loss or deficiency shown in the last preceding balance sheet of the society. Where such a deficiency exists there shall be deducted from the amount of capital paid up on the shares of the expelled member the proportion of the loss or deficiency appropriate having regard to the number of such shares in relation to the number of shares in the society;
- iii) Payment to such expelled member shall be made at such time as shall be determined by the board in its discretion but not later than twelve months from the date of expulsion.
- iv) No expelled member shall be re-admitted except by special resolution. A member so re-admitted shall not have restored to the member any shares which were cancelled on the member's expulsion.
- For the purpose of this rule the value of net assets shall be as taken from the value of the assets and liabilities disclosed in the last balance sheet of the society.

Forfeiture Non-Payment of Subscription

- 17A. i) "The shares of a member whose subscription under Rule 15A has not been paid may be forfeited by resolution of the members at a general meeting;
- ii) Written notice of the proposed forfeiture shall be forwarded to the member not less than 14 days before the date of the members meeting at which the resolution for forfeiture of the shares is to be moved, and the member shall be given an opportunity of being heard at the meeting;

- iii) Upon forfeiture the amount paid up on the shares shall be repaid to the member. The provision of Rule 17 (ii) to (iv) inclusive shall apply mutatis mutandis to any such repayments;
- iv) Shares so forfeited shall be cancelled and a notation of the cancellation entered in the register of members and shares.

Capital and Shares

18. (a) The capital of the society shall be raised by the issue of shares which shall be of one class, all ranking equally, and be of the nominal value of \$1.00 each. The value of a share shall not exceed \$500.

The capital shall vary in amount according to the nominal value of shares from time to time subscribed.

Every member shall hold at least 1 share, but no member shall hold shares exceeding the nominal value of ten thousand dollars nor shall any member hold more than one-fifth of the shares in the society.

- (b) The members at a general meeting may require a member to take or subscribe for additional shares in accordance with any proposal approved and consented to in accordance with the provisions of section 47A of the Act;
- (c) The shares of the society shall not be quoted for sale or purchase at any stock exchange or in any other public manner whatever within the meaning of the Income Tax and Social Services Contribution Assessment Act, 1959-1964 of the Commonwealth of Australia or any amendment thereof.

Certificate of Shares

19. Every person whose name is entered as a member in the register of members shall, without payment, be entitled upon application to a certificate under the seal of the society specifying the shares held by that member and the amount paid thereon. If a share certificate is defaced, lost or destroyed a duplicate thereof may be issued by the society on payment of such fee, not exceeding fifty cents, and on such terms as to evidence and indemnity as the board thinks fit.

Repayment of Share Capital

20. (a) The society may in accordance with section 54 of the Act repay to a member, with that member's consent, the whole or any part of the amount paid up on any share held by the member at any time when the money is not required for the purpose of the society;
- (b) The society may not, except with the consent of the Registrar, make any such repayment, if it has received from any person who is not a member any money on loan or deposit, which is not secured by mortgage and is still unpaid;
- (c) All such repayments shall be made on resolution of the members at a general meeting, which shall be noted in the register of shares, and thereupon the shares, in respect of which such payments are made shall be cancelled.

Charges on Shares

21. (a) The society shall, as provided in section 57 of the Act, have a charge upon the share or interest in the capital and on the credit balance of a member or past member, in respect of any debt due from the member or past member to the society, and may set off any sum credited or payable to such member or past member in or towards payment of the debt;
- (b) The society may sell in such manner as the directors think fit, all or any shares on which the society has a charge, but no sale shall be made unless some sum, in respect of which the charge exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the charge exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of the member's death or bankruptcy.

The said notice shall indicate that upon failure to make payment of the sum demanded within the time stipulated the shares will be sold by the members at a general meeting.

Where the highest offer received by the members at a general meeting is less than the amount paid up on the shares to be sold the members at a general meeting shall before accepting the offer give notice in writing to the member of the receipt of such offer and the amount thereof and of the general meeting intention to accept the same at the expiration of 14 days in default of payment to the society prior to such date of all moneys in respect of which the charge subsists.

From the proceeds of any such sale the society may deduct the expenses, if any, associated with the sale and apply the balance in reduction of the liability of the member provided however that should a surplus remain after such deduction the same shall be payable to the member whose shares were so sold.

For giving effect to any such sale the members at a general meeting may authorise some person to transfer the shares sold to the purchaser thereof.

Transfer and Transmission of Shares

22.

The instrument of transfer of any share shall be executed by or on behalf of the transferror and the transferee, and the transferror shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Shares shall be transferred in the following form or in any usual or common form which the board shall approve-

I, A.B., of in consideration of the sum of \$..... paid to me by C.D., of (hereinafter called "the said transferee") do hereby transfer to the said transferee the share (or shares) numbered in the to hold unto the said transferee, that transferee's, executors, administrators, and assigns, subject to the several conditions on which I hold the same at the time of the execution hereof; and I, the said transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid.

As witness our hands, the day of 19.....

Signed by transferror.

In the presence of witness.

Signed by transferee.

In the presence of witness.

(NOTE.-Attention is specially directed to Rule 22.)

A share may not be sold or transferred without the consent of the members at a general meeting.

The members at a general meeting may decline to register any transfer of shares to a person not qualified to be a member or of whom they do not approve and may also decline to register any transfer of shares on which the society has a lien or charge. If the members at a general meeting refuse to register a transfer of shares they shall within one month after the date on which the transfer was lodged with the society, send to the transferee notice of refusal.

The members at a general meeting may decline to recognise any instrument of transfer unless:

- (a) A fee of fifty cents is paid to the society in respect thereof; and

- (b) The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the members at a general meeting may reasonably require to show the right of the transferee to make the transfer.

The members at a general meeting shall cause a record of all transfers to be made in the proper books of the society.

The members at a general meeting may suspend the registration of transfers during the fourteen days immediately preceding the annual general meeting in each year.

23. Any person becoming entitled to a share in consequence of the bankruptcy of a member shall, upon such evidence being produced as may from time to time be required by the members at a general meeting, if qualified, be registered as a member in respect of the share, or, instead of being registered himself, may make such transfer of the share as the bankrupt person could have made; but the members at a general meeting shall in either case, have the same right to decline registration as they would have had in the case of a transfer of the share by the bankrupt person before bankruptcy.

A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same advantages to which one would be entitled to if one were the registered holder of the share, except that one shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the society.

Death of Member

24. On the death of a member any share or interest contingent or otherwise that member may have in the society shall be dealt with in accordance with section 59 of the Act. The value of the share or interest of the deceased member shall be as determined by the society auditor.

General Meetings

25. (a) A general meeting of the society to be known as the "Annual General Meeting" shall, as provided in section 85 of the Act, be held each year on such date and at such time being within four months after the close of the financial year or within four months after the close of the financial year or within such further time as may be prescribed by regulation and at such place as the board may determine;
- (b) In default of such meeting being held within the period of time mentioned any five members may convene the Annual General Meeting to be held within such time as the Registrar may allow and such meeting shall be convened as nearly as possible in the manner by which such meeting should have been convened by the Board. Any reasonable expenses incurred in calling of any such meeting shall be refunded by the society to the members incurring the same. Any sums so paid shall be retained by the society out of any sum due or to become due from the society by way of fees or other remuneration in respect of their services to such directors as were in default.

All other general meetings of the society shall be special general meetings.

26. The Board may, whenever it thinks fit, convene a special general meeting of the society.

- (a) The Board shall, on the requisition of the lessor of one-tenth of the members or five members being the holders of shares upon which calls or other sums then due have been paid forthwith proceed to convene a special general meeting;

- (b) A requisition for a special general meeting shall state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of society, and may consist of several documents in the like form, each signed by one or more requisitionists;
- (c) If the Board does not within twenty-one days from the date of deposit of the requisition proceed duly to convene a meeting, to be held within forty-two days from such date, the requisitionists or any of them may convene the meeting but any meeting so convened shall not be held after the expiration of three months from the date of such deposit;
- (d) A meeting convened by requisitionists in pursuance of these rules shall be convened in the same manner as nearly as possible as that in which such meetings are convened by the Board;
- (e) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the society, and any sum so repaid shall be retained by the society out of any sums due or to become due from the society by way of fees or other remuneration in respect of their services to such of the directors as were in default;
- (f) A general meeting shall be convened every 2nd month following the Annual General Meeting for the purpose of discussing the progress and politics of the society.

Notice of general Meetings

27.

- (a) Seven days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day, and the hour of meeting and, in case of special business the general nature of that business shall be given of any general meeting in manner hereinafter mentioned, to such persons as are, under these rules, entitled to receive such notices from the society; but the non-receipt of the notice by any member shall not invalidate the proceedings at such general meeting;
- (b) In the case of special resolutions the giving of notice shall conform to Rule 34 hereof;
- (c) Any member, having a resolution to submit to a general meeting shall give written notice thereof to the society not less than twenty-one days prior to the date of the meeting;
- (d) The Board shall cause to be inserted in any notice convening a general meeting any business of which notice of that member's intention to move has been given by a member in accordance with these rules provided that notice from the member shall have been received before the notice of the meeting has been issued.

Proceedings at General Meetings

28.

- i) The ordinary business of the annual general meeting shall be:
 - (a) To confirm minutes of the last preceding general meeting whether the annual general meeting or special general meeting.
 - (b) To receive from the Board, auditors, or any officers of the society reports upon the transactions of the society during the financial year, including balance-sheet, trading account, and profit and loss account, and the state of affairs at the end thereof.
 - (c) To elect directors.
 - (d) To elect auditors.
 - (e) To determine the annual subscription, if any
 - (f) General business.
- ii) The annual general meeting may also transact such special business of which notice has been given to members in accordance with these rules.
- iii) All business shall be deemed special business other than such business of the Annual General Meeting as is by this rule termed ordinary business.

29. (a) No item of business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting is considering that item.
- (b) Save as herein otherwise provided members personally present shall be a quorum. If within half an hour after the appointed time for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting the members present shall be a quorum.

30. (a) The chairperson, if any, elected by the members at a general meeting shall preside as chairperson of the general meetings of the society;
- (b) If there is no such chairperson, or if at any meeting he or she is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present shall choose someone from their number to be chairperson until such time as the chairperson being in attendance is willing to so act.

The chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but not business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for fourteen days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

31. The following standing orders shall be observed at the society's meetings:

- i) The mover of a proposition shall not speak for more than ten minutes; subsequent speakers shall be allowed five minutes and the mover of the proposition five minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule;
 - ii) Whenever an amendment is proposed upon an original proposition, no second amendment shall be taken into consideration until the first amendment shall have been disposed of;
 - iii) If an amendment be carried, it shall displace the original proposition and become itself the proposition to which any further amendment may be moved;
 - iv) If an amendment be negatived, then a further amendment may be moved to the original proposition; but only one amendment shall be submitted to the meeting for discussion at one time;
 - v) Propositions and amendments shall be submitted in writing, when requested by the chairperson;
 - vii) Any discussion may be closed by a resolution "that the question be now put" being moved, seconded, and carried. Such resolution shall be put to the meeting without debate.
- (b) The members present at a meeting may, for the purposes of that meeting, suspend or amend the standing orders, or adopt orders in addition to the standing orders.

- 31A. Members of the public may attend and speak at general meetings with the consent of a majority of members present, but may not vote or count towards of quorum; but such consent may be conditional.

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The members at a general meeting may arrange for an appointment of various sub-committees which shall be designated according to their type of function.

Such sub-committees may be comprised of directors and members and shall perform such advisory function as may be decided upon from time to time by the members at a general meeting.

Voting

32.

- (a) Subject to subrule (c), at any general meeting a resolution shall be carried only if carried unanimously;
- (b) The members at a general meeting may, by by-law, prescribe the procedure to be employed by the society in reaching unanimity;
- (c) Only where, at a general meeting, a resolution is not carried unanimously, the members present at the meeting may decide in relation to the resolution, to put the resolution to the vote of the meeting in accordance with subrule (e);
- (d) A decision under subrule (c) shall be carried in the same manner as if it were itself a resolution put to the vote of the meeting under subrule (e);
- (e) At any general meeting a resolution put to the vote of the meeting shall, as provided in section 86 of the Act, be decided on a show of hands unless a poll is (before or on declaration of the result of the show of hands) demanded by at least five members and, unless a poll is demanded, a declaration by the chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the society shall be evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against, that resolution.
- i) On a show of hands or on a poll every member not being under the age of eighteen years or person appointed pursuant to section 46(7) of the Act present in person at any meeting shall have one vote.
- ii) All resolutions put to the vote of the meeting in accordance with this subrule shall be determined by simple majority except in the case of special resolutions or as otherwise provided in these rules.

In the case of an equality of votes, whether a show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote, and the motion shall be deemed lost.

- f) Where a poll is demanded under subrule (c) on any resolution other than a special resolution, postal votes shall be counted as if they were votes of members present at the meeting.

33.

- (a) If a poll is duly demanded it shall be taken in a manner which the chairperson directs and unless the meeting is adjourned the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (b) A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken forthwith.

Special Resolution

34.

- (a) A special resolution means a resolution which is passed by a majority of not less than two-thirds of such members as, being entitled so to do, vote in person at any general meeting of which notice specifying the intention to propose the resolution has been duly given in accordance with these rules;
- (b) A special resolution shall have no effect until registered by the Registrar.

Board of Directors

35. There shall be a board of ~~four~~ directors. In addition, four alternate directors may be elected by the members at each annual general meeting to fill casual vacancies on the board.

One employee of the society may be nominated by the directors for election to the board of directors by the society and if so nominated may be elected by the members as a director of the society. Provided that such employee director shall not be eligible for election to the position of chairperson or deputy chairperson of the board of directors.

36. The qualifications of a director shall be:
- (a) The holding of not less than one share in the society.
 - (b) Acceptance of the objects of the society.
 - (c) Members for three months before election, with the exception of Formation Directors.
 - (d) That she or he be of statutory age
 - (e) A tenant member as defined in Rule one.
37. The first directors shall be elected at the meeting for the formation of the society.
38. At the first annual meeting of the society all of the directors shall retire and at the annual meeting in each subsequent year the directors shall retire in rotation of ⁽²⁾ (2) and ⁽³⁾ (3).
39. The directors to retire in any year shall subject to the provision as to filling casual vacancies be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. In such case the order for retirement shall be the order in which the names are withdrawn.
40. A retiring director shall be eligible for re-election.

Elections for Directors shall occur at the annual general meetings in accordance with this Rule:

- (a) The Board shall elect a person who shall not be a candidate for election to the Board to act as returning officer;
- (b) Nominations for the position of the retiring and four alternate directors (as per Rule 35) shall be called for by the returning officer, by a written notice to all members, not later than 4 clear weeks prior to the annual general meeting;
- (c) Returning officer shall at the annual general meeting inform all members present of the names of persons nominated and standing for election;
- (d) Nominations shall be in writing, signed by the nominee and the nominator, and shall be lodged with the returning officer before or at the annual general meeting;
- (e) If insufficient nominations have been received to fill all vacancies, the returning officer shall invite and accept nominations at the annual meeting of members eligible to be elected under Rule 39, who are present or who have indicated in writing their willingness to accept nomination;
- (f) Voting shall be by show of hands or by secret ballot as the members present decide; and if by ballot on voting papers prepared and initialled by the returning officer;
- (g) Voting shall be by simple majority, each member voting only for the number of persons to be elected.
- (h) Each candidate may appoint a scrutineer, who may scrutinise the votes with the returning officer at any time prior to the declaration of the poll. A candidate may request a recount of the votes;
- (i) After the declaration of the election results, the members shall vote if the members at the annual meeting or the board shall elect office-bearers.

41. If at any general meeting at which an election of directors ought to take place the places of the retiring directors or any of them shall not be filled, the meeting shall stand adjourned till the same day in the next week at the same time and place, and such adjourned meeting may receive nominations and elect directors to the vacancies. If at the adjourned meeting the places of the retiring directors are not filled, the retiring directors or such of them as have not had their places filled shall be deemed to have been re-elected at the adjourned meeting.
42. Members in general meeting may by resolution remove any director before the end of that director's term of office, and may elect another in that member's place, but such election shall be first filled from the members elected as alternate directors in accordance with Rule 35; members so elected shall retire at the same time as that director being replaced would have retired.
43. Subject to Rule 48 a casual vacancy on the Board shall be filled by election by the members held in the manner specified in these rules or at a general meeting of the society. The person so chosen shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place that member is appointed was last elected a director.

Vacation of Office of Director

44. The office of a director shall be vacated in the circumstances set out in section 84 (11) of the Act, and in particular:
- (a) If that member becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or solvent debtors, compounds with that member's creditors or makes an assignment of that member's remuneration for their benefit;
 - (b) If that member becomes a temporary patient, a continued treatment patient, a protected person or an incapable person within the meaning of the Mental Health Act, 1958, or a person under detention under Part VII or that Act;
 - (c) If that member is convicted of any offence under the Act, or is convicted of any offence and sentenced to any period of imprisonment without the option of a fine;
 - (d) If that member absents himself from three consecutive ordinary meetings of the board without its leave;
 - (e) If that person ceases to be a member of the society;
 - (f) On the expiration of one month's notice in writing of that member's intention to resign office, given by that member to the board;
 - (g) If that member is removed from office by resolution of a general meeting of the society;
 - (h) If that member or that member's employer, employee or partner is an employee of, or acts as, a solicitor, valuer, auditor or accountant to the society;
 - (i) If having been elected as a director pursuant to S84AAA of the Act that member ceases to hold qualifications by virtue of which that member was elected.

Remuneration

45. The directors shall not receive remuneration for their services but all necessary expenses incurred by them in the business of the society shall be refunded to them.

Proceedings of the Board

46. The board may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit, providing a meeting of the board shall be held at least once quarterly. Questions arising at any meeting shall be decided by consensus as outlined in the by-laws but in the final case by a majority of votes. In case of an equality of votes the chairperson shall not have a second or casting vote

and the motion shall be deemed lost. The chairperson and any two directors may, and the secretary on requisition of the chairperson or any two directors shall, at any time, summon a meeting of the board.

Except in special circumstances determined by the chairperson 48 hours' notice shall be given of all meetings of the board.

47. The quorum for any meeting of the board shall be one-half (or where one-half is not a whole number the whole number next high than one-half) of the number of members of the Board.
48. The continuing directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by or pursuant to these rules as the necessary quorum of directors, the continuing directors may act only for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the society, but not for any other purpose.
49. The board may elect a chairperson of their meetings and determine the period for which that member is to hold office, but if no such chairperson is elected or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairperson of the meeting until such time as the chairperson being in attendance is willing to act.
50.
 - (a) The board may, in accordance with section 84B of the Act, by resolution, delegate to a director or committee of two or more directors, the exercise of such of the board's powers (other than this power of delegation) as are specified in the resolution and the society or the board may by resolution revoke wholly or in part any such delegation;
 - (b) A power, the exercise of which has been delegated under this rule may, while the delegation remains unrevoked, be exercised from time to time in accordance with the terms of the delegation;
 - (c) A delegation under this rule may be made subject to conditions or limitations as to the exercise of any of the powers delegated, or as to time or circumstance;
 - (d) Notwithstanding any delegation under this rule, the board may continue to exercise all or any of the powers delegated;
 - (e) Where a power is exercised by a director either alone or with another director or other directors and the exercise of the power is evidenced in writing, signed by the director in the name of the board or in that directors own name on behalf of the board, the power shall be deemed to have been exercised by the board, whether or not a resolution delegating the exercise of the power to the director was when the power was exercised, in force and whether or not any conditions or limitations referred to in paragraph (c) of this rule were observed by the director exercising the power;
 - (f) An instrument purporting to be signed by a director as referred to in section 84B (5) of the Act shall in all courts and before all persons acting judicially be received in evidence as if it were an instrument executed by the society under seal and until the contrary is proved, shall be deemed to be an instrument signed by a delegate of the board under section 84B of the Act;
 - (g) A committee may elect a chairperson of their meetings. If no such chairperson is elected, or, if at any meeting the chairperson is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairperson of the meeting.
 - (h) A committee may meet and adjourn as they think proper. Questions arising at any meeting shall be determined by consensus decision making as prescribed in the by-laws, and as a last-resort by a majority of votes of the members

- present, and in case of an equality of votes the chairperson shall have not a second or casting vote, and the motion deemed lost;
- (i) Members may attend board meetings and speak with the consent of a majority of the directors but may not vote or count towards a quorum; but such consent may be conditional.

Duties and Powers of the Board

51. (a) The business and operations of the society shall, in accordance with section 84 (1) and (2) of the Act, be managed and controlled by the board, and for that purpose the board, except as hereinafter provided shall have and may exercise the powers of the society as if they had been expressly conferred on the board at a general meeting of the society;
- (b) The powers of the board shall be subject to any restrictions imposed thereon by the Act or by these rules, or by a general meeting;
- (c) The board shall not borrow money, lease, sub-lease, mortgage, sell or otherwise dispose of real property or property managed by the society, without approval of a general meeting.
52. Every director acting in the business or operations of the society in pursuance of a resolution duly passed by the board shall, in accordance with section 84 (3) of the Act, be deemed to be the agent of the society for all purposes within the objects of the society.
53. i) The board shall cause minutes of meetings to be made in books provided for the purpose, and, in particular:
- (a) Of all appointments of officers and employees made by the directors;
- (b) Of the names of the director present at each meeting of the board and of any committee of the board;
- (c) Of all resolutions and proceedings at all meetings of the society and of directors and of committees of directors.
- Such minutes shall be recorded in the minute book within fourteen days of the date of the meeting of proceedings of which they record.
- The confirmation of such minutes shall be taken as the first business at the next succeeding meeting of the society, board or committee as the case may be.
- ii) Every director present at any meeting shall sign his name in a book to be kept for that purpose.
54. The board shall, in accordance with section 75 of the Act, cause to be kept at the registered office of the society, and open at all reasonable hours to inspection:
- (a) By any member or creditor without fee:
- i) A copy of the Act and the regulations;
- ii) A copy of the rules of the society;
- iii) A copy of the last balance sheet and profit and loss account for the time being, together with the auditor's report;
- iv) The prescribed register of director, members and shares;
- v) The prescribed register of loans raised, securities given and bonds issued by the society;
- vi) The prescribed register of stock; and
- (b) By any member without fee:
- A copy of the minutes of general meetings of members of the society.
55. Without prejudice to the general powers conferred on the board by the Act or these rules, the board shall have power to appoint and, at its discretion, remove or suspend officers, clerks, agents and servants, and to fix their powers, duties, and remuneration.

56. The board shall arrange insurance against loss, damage to or liability of the society by reason of fire, accident, or otherwise.

A society shall effect, and maintain, a policy of insurance for the indemnity of the society against any pecuniary loss to the society resulting from any act of fraud or dishonesty committed:

- (a) By any officer of, or other person employed by, the society in connection with that member's duties; or
- (b) Where a person contracts to provide a secretarial or administrative service to the society - by that person or any of that person's employees in connection with the provision of any such service.

Financial Year

57. The financial year of the society shall end on each year.

Accounts

58. The board shall cause to be prepared a statement of the accounts of the society up to the end of the financial year, and shall submit it, with the auditor's report thereon, to the annual general meeting of the society. The board shall also cause a copy of such statement to be displayed at the registered office of the society for a period of not less than fourteen days before the date of such meeting and a copy to be sent to each member with the notice of the meeting in accordance with section 89 (7) of the Act.

Banking

59. The board shall cause to be opened a banking account or accounts in the name of the society, into which all moneys received shall be paid as soon as possible after receipt.

All cheques drawn on such accounts and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the society, shall be signed by any two persons so authorised by the board.

Audit

60. (a) One or more auditors shall be appointed, hold office, be remunerated, be removed or have duties and responsibilities as provided in this rule and in the Co-operation (Accounts and Audit) Regulation 1988 and any amendment thereof;
- (b) Within one month after the date on which the society is registered, the directors shall appoint, unless the society at a general meeting has already appointed, a person and/or a firm as auditor of the society. A person or firm appointed under this clause shall hold office until the first Annual General Meeting of the society;
- (c) The society shall at its first Annual General Meeting appoint a person and/or a firm as auditor of the society and at each subsequent Annual General Meeting, if there is a vacancy in the office of auditor, shall appoint a person and/or a firm to fill such vacancy;
- (d) An auditor appointed under clause (c) of this rule shall hold office until death or removal or resignation from office or until ceasing to be capable of acting as auditor in accordance with the Co-operation (Accounts and Audit) Regulation 1988;
- (e) The board shall fill any casual vacancy in the office of the auditor, within one month of such vacancy occurring, unless the Society at a general meeting has already appointed a person or firm to fill the vacancy; While a vacancy in the office of auditor continues, the surviving or continuing auditor or auditors (if any) may act.
- (f) The society or the directors shall not appoint a person and/or a firm as auditor unless that person and/or firm has, before the appointment, consented to such

appointment by notice in writing and providing also that such consent has not been withdrawn.

- (g) A person shall not be qualified to be appointed auditor of the society if:
 - i) The person is not a registered public accountant or a registered company auditor;
 - ii) The person or a corporation in which the person is a substantial shareholder, is indebted to the Society (or to a subsidiary corporation) for an amount exceeding \$5,000; or
 - iii) The person is an officer of the society.
- (h) All reasonable fees and expenses of the auditor are payable by the society.
- (i) The remuneration of the auditors of a society shall be fixed by the board.
- (j) The auditors of a society shall be entitled to attend any general meeting of the society and to receive all notices of an other communications relating to any general meeting which any member of the society is entitled to receive and to be heard at any general meeting which they attend on any part of the business of the meeting which concerns them as auditors.

Society Funds

61. The income and property of the society whenever derived shall be applied solely towards the promotion of the objects of the society, and no portion thereof shall be paid or transferred directly or indirectly by way of dividend bonus discount rebate or otherwise howsoever by way of profit to the members of the society, provided however, that nothing herein contained shall prevent the payment in good faith of any commensurate remuneration of any member, or servant of the society or other person in return for any services actually rendered to the society, nor prevent the payment of reasonable interest on money lent or reasonable or proper rent for property or premises demised, or let by any member to the society. Any surplus resulting from the society's operations during a financial year, after providing for depreciation in value of the society's property or for contingent liability for loss, shall be applied to carrying out the society's objects. Provided that an amount not exceeding ten (10) per cent of the surplus may be applied to any charitable purpose, or for promoting co-operation or any community advancement.

Provision for Loss

62. The board shall make such provisions for loss as the Act requires or allows.

Disputes

63. (a) Disputes between a member in his capacity of member and the society shall be first resolved by internal arbitration and disputes procedures as set out in the by-laws. If no resolution of the dispute is possible by these means the dispute shall be settled by arbitration in accordance with the Arbitration Act, 1902, as amended, from time to time;
- (b) Notwithstanding the above, any party may in accordance with section 91 (3) of the Act refer the dispute to the Registrar, provided that, if the dispute has been so referred, one month has elapsed without an award being made;
- (c) Nothing in this rule shall extend to any dispute as to the construction or effect of any mortgage or of any contract contained in any document other than these rules.
- (d) Disputes between members shall be resolved by internal arbitration and disputes procedures as set out in the by-laws.

Notices

64. i) A notice may be given by the society to any member either personally or by sending it by post to him to her/his registered address, or (if she/he has no registered address in the State) to the address, if any within the State supplied by him to the society for the giving of notices to him.
- ii) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the

notice and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted and in every other case at the time at which the letter would be delivered in the ordinary course of post.

- iii) If a member has no registered address in the State and has not supplied to the society an address within the State for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the society shall be deemed to be duly given to him on the date on which the advertisement appears.
- iv) A notice may be given by the society to the person entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to her/him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, in the State, supplied for the purpose by the person claiming to be so entitled or (until such address has been supplied) by giving notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- v) Notice of general meeting shall be given in some manner hereinbefore authorised to:
 - (a) Every member of the society except those members who (having no registered address within the State) have not supplied to the society an address within the state for the giving of notices to them, and
 - (b) Every person entitled to a share in consequence of the death or bankruptcy of a member, who, but for his death or bankruptcy, would be entitled to receive notice of the meeting.

Except as provided in Rule 60 (j) no other persons shall be entitled to receive notices of general meetings.
- vii) For the purpose of this rule "registered address" means the address of the member as appearing in the register of members and shares.

Winding Up

- 65. (a) The winding up of the society shall be in accordance with Part V of the Act;
- (b) The society shall not be dissolved except at a General Meeting of the society especially convened for the purpose and by a resolution carried by a majority of four-fifths of the votes recorded in respect of the same. If upon the winding up or dissolution of the society there remains after the satisfaction of all debts and liabilities any property whatsoever the same shall not be paid to or distributed among the members of the society but shall be given or transferred to some other institution having objects similar or in part similar to the objects of the society and which shall also prohibit the distribution of its or their property among its or their members, such institution or institutions to be determined by the members of the society at or before the time dissolution or in default thereof by the Chief Judge of such Court as may have or acquire jurisdiction in the matter.

Schedule of Charges

- 66. Copy Book of Rules -- \$1 - Rule 2
- Duplicate Share Cert. 50c - Rule 19
- Transfer of Shares 50c - Rule 22
- Subscription Max. \$500 - Rule 15A

SIGNED BY:

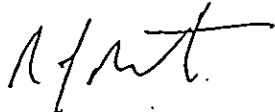

Victoria PHILLIPS



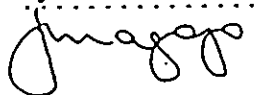
Michelle ROWLAND



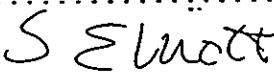
Allan RAINE



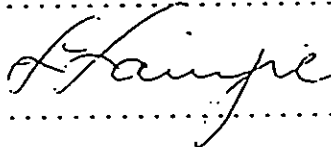
Robin BENTON



Judy MAJOJO

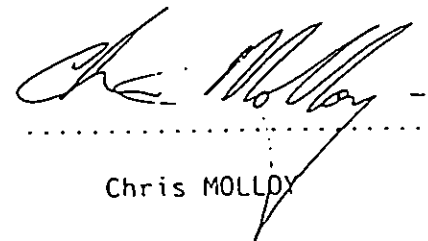


Shannon ELLIOTT



Svetlana TAMINDZIC

Witness:



Chris MOLLOY

Consensus ⁸⁰

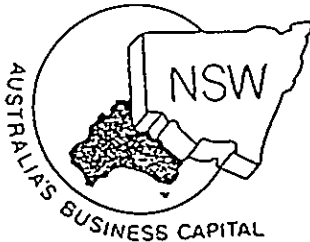
Consensus Decision Making for General Meetings

31. (a) The following standing orders shall be observed at the society's meetings-
- (i) the mover of a proposition shall not speak for more than ten minutes; subsequent speakers shall be allowed five minutes and the mover of the proposition five minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule;
 - (ii) whenever an amendment is proposed upon an original proposition, no second amendment shall be taken into consideration until the first amendment shall have been disposed of;
 - (iii) if an amendment be carried, it shall displace the original proposition and become itself the proposition to which any further amendment may be moved;
 - (iv) if an amendment be negatived, then a further amendment may be moved to the original proposition; but only one amendment shall be submitted to the meeting for discussion at one time;
 - (v) the mover of every original proposition, but not of an amendment, shall have the right to reply, immediately after which the question shall be put from the chair, but no other member shall speak more than once on the same question, unless permission be given to explain, or the attention of the chairperson be called to a point of order;
 - (vi) propositions and amendments shall be submitted in writing, when requested by the chairperson;
 - (vii) any discussion may be closed by a resolution "that the question be now put" being moved, seconded, and carried. Such resolution shall be put to the meeting without debate.
- (b) The members present at a meeting may, for the purposes of that meeting, suspend or amend the standing orders, or adopt orders in addition to the standing orders.
- 31A. Members of the public may attend and speak at general meetings with the consent of a majority of members present, but may not vote or count towards a quorum; but such consent may be conditional.

APPENDIX BCO-OPERATION ACT - MATTERS WHICH MUST BE COVERED.

Your rules must be divided into numbered paragraphs and should cover.

1. Name of Co-op
2. That liability of members is limited
3. Address of the office
4. Objective of the co-op, specifying the chief primary objective and other primary objectives, if any.
5. Expectations for an active membership
6. Whether the co-op will use borrowing powers authorized by the Act
7. How the co-op will raise its money
8. How the co-op will manage its money especially how cheques will be authorised and expenditure approved.
9. What money will be used for and how it will be invested.
10. Whether gains (profits) will be distributed amongst members and if so, how
11. How any losses will be covered
12. How people become members
13. Rights and liabilities of members
14. How membership is transferred
15. How members are expelled
16. Number, qualification, election, payment, removal of directors. Filling vacancies. Annual or 6 monthly elections
17. Powers of directors, how often they meet, how much notice is needed, and how many
18. How long between general meetings of members, how are general and special meetings organized, notices, quorums.
19. Voting, majority required to make decision at meetings
20. Appointment, payment and removal of office bearers
21. Whether accounts are audited annually or more often
22. Appointment, payment, powers of removal of auditors
23. How the custody of securities is organised
24. Joining and annual fees, if appropriate
25. When a member can be fined, and how much. Also any forfeitures
26. If disputes are to be settled by arbitration, and if not, how



Business & Consumer Affairs

FORMATION STATEMENT

1. WHAT IS A FORMATION STATEMENT?

- * The formation statement is intended to:
 - inform prospective members of the proposed co-operative of the effects of the decision to form a co-operative society.
 - demonstrate, by supplying relevant financial and other information, that the society will be able to carry out its 'objects' or activities, successfully.
- * The formation statement is similar to a prospectus which a company being formed is required to issue to ensure that the public are aware of the purposes of the company, before that company can invite the public to buy shares. The formation statement performs a similar function for potential members of a co-operative, informing them of the purposes and resources of the organisation at the time it is being formed.
- * The formation statement is presented at a meeting (known as the formation meeting) to show:
 - the objects (or activities) of the co-operative
 - the reasons for believing the co-operative will be able to carry out its objects, i.e. information demonstrating its viability
 - the information that will be presented to the Registrar of Co-operative Societies.

2. WHAT IS THE CO-OPERATIVE SOCIETY TO BE NAMED?

It is proposed that the co-operative society be called:

.....
.....

and that this name be presented for registration of the society under the Co-operation Act, 1923.

3. WHAT ARE THE CO-OPERATIVE SOCIETY'S RULES?

Every co-operative must adopt a set of rules. The rules of the co-operative are its constitution. A copy of the rules should be available for perusal by any person present at the formation meeting who is qualified to become a member of the society. Members are bound by the co-operative's rules, once adopted and registered. Once formed, the society becomes a corporate body and the liability to contribute to the society's debts is limited to the amount of each member's shares. If those shares are fully paid-up, no further liability can be incurred by a member unless specifically provided for in a society's rules.

4. WHO CAN BE A MEMBER OF THE CO-OPERATIVE?

A person (one of at least seven required to form and continue the co-operative), willing to:

- . hold shares at \$...... per share [insert minimum shareholding]
- . pay all charges as set out in the rules and listed below:
 - \$
 - . annual levy.....
 - . entrance fee.....
 - . others.....
- . maintain 'active membership'.

Active Membership : The Co-operation Act, 1923, requires that a co-operative's rules specify the manner and extent to which a member is required to actively support a society. This support is measured against the society's 'primary object' (or a combination of primary objects). Members are obliged to use or support an activity, or activities, of a co-operative society in order to retain the right to be a member, including the right to vote.

- . The society's active membership rule identifies the society's basic reason for existence, or chief primary object, as being:

.....

.....

and to establish and maintain active membership of the co-operative society, a member shall:

.....

.....

.....

.....

.....

.....

5. WHAT CAN THIS CO-OPERATIVE DO?

- * As a corporate body, the co-operative society can only do what is set out in its rules and the Co-operation Act, 1923. These are shown in rule 5 (objects) and rule 6 (powers).
- * The co-operative's objects, or reasons for existing and activities it will be able to pursue, are contained in rule 5 of the co-operative's rules and are listed as being:

- . to
-
-
- . to
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-
- . to
-
-
- . to
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- . to
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-

(if insufficient space, attach further information as an annexure marked 'Objects'). Where a co-operative is being formed to replace an existing organisation a further object should be included:

"to take over the assets and liabilities of an existing unincorporated organisation known as"

Powers: The powers of a co-operative describe the means by which the society will carry out its objects. They are shown in Rule 6. The Co-operation Act provides specific powers for each type of society and it is suggested that these be adhered to as much as possible.

6. HOW WILL THIS CO-OPERATIVE SOCIETY PERFORM ITS ACTIVITIES?

The purpose of the following questions is to demonstrate the need for the co-operative, the resources available and the benefits expected to flow from its formation.

- (a) Please provide a general statement of how the co-operative intends to carry out the activities shown in its objects.

.....

- (b) What role will members have in the co-operative's functioning?
 (e.g. supply produce; use common services)

.....

- (c) What physical resources will be used to carry out the activities of the co-operative? (e.g. office or factory space, furniture, equipment, plant, vehicles).

.....

- (d) What products or services are to be provided to members by the co-operative?

.....

- (e) What contact will the co-operative have with industry or community organisations? Please name these bodies, if possible.

.....

- (f) What contact will the co-operative have with government bodies or agencies? Please name these bodies, if possible.

.....

If insufficient space, attach further details as an annexure marked 'Activities'.

7. IS THE CO-OPERATIVE FINANCIALLY VIABLE?

The information sought in this part of the Formation Statement is designed to establish the reasons for believing that the co-operative will be able to successfully carry out its objects. If a formal feasibility study or similar document has been prepared it should cover the points below, and can be attached to the formation statement instead of completing this section. Where topics are not covered in a feasibility study and are shown here, the relevant sections should still be filled in.

Share funding and start-up funding

- (a) The number of persons who qualify for membership of the co-operative and have indicated in writing their intention to join the society, is persons.
- (b) The total number of shares to be subscribed by these persons is shares.
A list of the people subscribing and the number of shares each person is subscribing is shown as an annexure marked 'Members and Shares'.
- (c) Total share capital to be subscribed is \$.....
Total entrance fees are \$.....
Total initial subscriptions are \$.....
- (d) If an existing organisation is to be taken over, attach to the formation statement copies of the last 2 years' accounts and balance sheets of this organisation as an annexure marked 'Existing Organisation - Accounts'.
- (e) If the society is to use grants, subsidies, donations or other financial support to be viable, details should be given as an annexure marked 'Grants and Subsidies'.
- (f) If the society is to borrow funds, indicate here the amount: \$.....
and attach, as an annexure marked 'Loan Funds', a copy of the offer to extend finance and the terms of such loan(s).

Property REFER ANNEXURE MARKED "SUBMISSION"

- (a) If the co-operative is to purchase property, indicate here the current market value of the property \$.....
Evidence of the availability of this property should be attached as an annexure marked 'Property - Freehold'.
- (b) If arrangements have been made, or are under negotiation, to lease property by the society, evidence of this availability is shown as an annexure marked 'Property - Leasehold'.
- (c) Improvements to the property (for example, renovations, furnishings, plant or equipment), if they are to be made, are estimated to cost \$.....
(estimates for these costs should be detailed as an annexure marked 'Property - Improvements').
- (d) Will the co-operative have the use of property to conduct its activities, other than any property it will own or lease?

If so, please provide evidence, such as a letter of authorisation from the owner, in support.

Trading Stock/Marketing

- (a) If practicable show here: . the level of trading stock it is intended to hold \$.....
 . the basis of trading (tick appropriate box(es))
☐ cash and/or ☐ credit
 . the credit period to be extended
- (b) Show here brief details of any market research or analysis of demand, for the co-operative's goods or services that has been conducted:

.....

Formation Expenses

- (a) Expenses incurred prior to the formation meeting which are to be recouped once the society is formed are:\$.....
- (b) Any contracts, guarantees and indemnities, contingent liabilities, unresolved or pending law suits which the society will assume once formed are detailed below:

.....

Operations and Accounts

- (a) Attach as an annexure marked 'Cash Flow Budget Forecast' details of both capital and revenue items anticipated for the first two years of operating (please use the form provided, where practical).
- (b) If practical attach as an annexure marked 'Forecasted Profit and Loss Statement' details for the first two years of operating including where appropriate: sales, cost of goods sold, gross profit margin, rebates, dividends.

8. HOW WILL THE CO-OPERATIVE BE MANAGED?

Directors: insert here the names of those who have indicated their willingness to be nominated for election as directors to fill the positions provided for in the rules, being in number. Directors must be over 18 and under 72 years of age.

(a) Name Occupation Address Relevant Experience

.....

.....

.....

.....

.....

.....

.....

.....

(If insufficient space, attach as an annexure marked 'Directors').

(b) If any of the proposed directors will be involved in a contract with the society (other than purchase from the co-operative of goods/services by the director, or a contract permitted under the rules) the nature of this contract should be briefly shown below:

.....

.....

.....

Day-to-Day Management: Show the name of the person who has agreed to be responsible to the board of directors for day-to-day management of the society and brief details of his/her experience:

.....

.....

.....

.....

Management is to be

☐ paid

☐ part time

or

and

or

☐ voluntary

☐ full time

(Tick appropriate boxes)

Accounting: Indicate here who has agreed to be responsible for general accounting and financial functions of the society:

.....

.....

what qualifications and experience does this person or firm have relevant to this responsibility?

.....

.....

Note that the same person or firm cannot provide both accounting and audit functions. Nor can a director provide accounting or audit services.

Auditing: Indicate here who has agreed to be responsible for auditing the society's accounts:

.....

.....

Note that the auditor must be registered under the provisions of the Public Accountants Registration Act, or be a Registered Company Auditor within the meaning of the Companies (New South Wales) Code.

Please provide written evidence of the auditor's consent to appointment as the co-operative's auditor.

9. ANNEXURES

Show here which Annexures are attached to this Formation Statement (tick appropriate boxes).

CASH FLOW BUDGET FORECAST ☐

MEMBERS AND SHARES ☐

SUBMISSION ☐

LOAN FUNDS ☐

DIRECTORS ☐

(OTHER)

10. CERTIFICATION

The undersigned; certify that this is a copy of the statement (and relevant annexures) which was presented to the formation meeting on: (date) for the purpose of forming a society to be known as:

..... (name)

..... Chairperson of
signature Formation Meeting

..... Secretary of
signature Formation Meeting



Business & Consumer Affairs

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Total entrance fees are \$.....
Total initial subscriptions are \$.....
- (d) If an existing organisation is to be taken over, attach to the formation statement copies of the last 2 years' accounts and balance sheets of this organisation as an annexure marked 'Existing Organisation - Accounts'.
- (e) If the society is to use grants, subsidies, donations or other financial support to be viable, details should be given as an annexure marked 'Grants and Subsidies'.
- (f) If the society is to borrow funds, indicate here the amount: \$.....
and attach, as an annexure marked 'Loan Funds', a copy of the offer to extend finance and the terms of such loan(s).

Property REFER ANNEXURE MARKED "SUBMISSION"

- (a) If the co-operative is to purchase property, indicate here the current market value of the property \$.....
Evidence of the availability of this property should be attached as an annexure marked 'Property - Freehold'.
- (b) If arrangements have been made, or are under negotiation, to lease property by the society, evidence of this availability is shown as an annexure marked 'Property - Leasehold'.
- (c) Improvements to the property (for example, renovations, furnishings, plant or equipment), if they are to be made, are estimated to cost \$.....
(estimates for these costs should be detailed as an annexure marked 'Property - Improvements').
- (d) Will the co-operative have the use of property to conduct its activities, other than any property it will own or lease?
.....
.....
.....

If so, please provide evidence, such as a letter of authorisation from the owner, in support.

Trading Stock/Marketing

- (a) If practicable show here: . the level of trading stock it is intended to hold \$.....
 . the basis of trading (tick appropriate box(es))
☐ cash and/or ☐ credit
 . the credit period to be extended
- (b) Show here brief details of any market research or analysis of demand, for the co-operative's goods or services that has been conducted:

.....

Formation Expenses

- (a) Expenses incurred prior to the formation meeting which are to be recouped once the society is formed are:\$.....
- (b) Any contracts, guarantees and indemnities, contingent liabilities, unresolved or pending law suits which the society will assume once formed are detailed below:

.....

Operations and Accounts

- (a) Attach as an annexure marked 'Cash Flow Budget Forecast' details of both capital and revenue items anticipated for the first two years of operating (please use the form provided, where practical).
- (b) If practical attach as an annexure marked 'Forecasted Profit and Loss Statement' details for the first two years of operating including where appropriate: sales, cost of goods sold, gross profit margin, rebates, dividends.

8. HOW WILL THE CO-OPERATIVE BE MANAGED?

Directors: insert here the names of those who have indicated their willingness to be nominated for election as directors to fill the positions provided for in the rules, being in number. Directors must be over 18 and under 72 years of age.

(a) Name Occupation Address Relevant Experience

.....

.....

.....

.....

.....

.....

.....

(If insufficient space, attach as an annexure marked 'Directors').

- (b) If any of the proposed directors will be involved in a contract with the society (other than purchase from the co-operative of goods/services by the director, or a contract permitted under the rules) the nature of this contract should be briefly shown below:

.....

.....

.....

Day-to-Day Management: Show the name of the person who has agreed to be responsible to the board of directors for day-to-day management of the society and brief details of his/her experience:

.....

.....

.....

.....

Management is to be

☐ paid

☐ part time

or

and

or

☐ voluntary

☐ full time

(Tick appropriate boxes)

Accounting: Indicate here who has agreed to be responsible for general accounting and financial functions of the society:

.....

.....

What qualifications and experience does this person or firm have relevant to this responsibility?

.....

.....

Note that the same person or firm cannot provide both accounting and audit functions. Nor can a director provide accounting or audit services.

Auditing: Indicate here who has agreed to be responsible for auditing the society's accounts:

.....

.....

Note that the auditor must be registered under the provisions of the Public Accountants Registration Act, or be a Registered Company Auditor within the meaning of the Companies (New South Wales) Code.

Please provide written evidence of the auditor's consent to appointment as the co-operative's auditor.

9. ANNEXURES

Show here which Annexures are attached to this Formation Statement (tick appropriate boxes).

CASH FLOW BUDGET FORECAST	<input type="checkbox"/>
MEMBERS AND SHARES	<input type="checkbox"/>
SUBMISSION	<input type="checkbox"/>
LOAN FUNDS	<input type="checkbox"/>
DIRECTORS	<input type="checkbox"/>
(OTHER)	

10. CERTIFICATION

The undersigned; certify that this is a copy of the statement
 (and relevant annexures) which was presented to the formation
 meeting on: (date) for the purpose of forming a
 society to be known as:

..... (name)

..... Chairperson of
 signature Formation Meeting

..... Secretary of
 signature Formation Meeting



Business & Consumer Affairs

Co-operative
Societies

INFORMATION TO ASSIST IN FORMING A CO-OPERATIVE

Initially, the group should generally feel confident that a co-operative structure will suit its needs and purposes and that the proposed co-operative will be financially viable. General information on co-operatives is available from the Department.

Once the group has satisfied itself in this regard it is suggested that a draft set of rules and formation statement are drawn up and submitted to the Department for consideration. Obtaining this prior approval of the rules and formation statement means that all matters can be resolved prior to the formal formation meeting of the co-operative and will ensure speedy registration of the society following application for registration.

RULES

The purpose of the rules is to set out the basic structure and mode of operation of the society.

Two copies of the standard rules book are enclosed. The group may wish to make use of the second copy of the rules to make up a set of draft rules for their own reference.

The instruction sheet headed 'List of Insertions to the Standard Rules Booklet' sets out those rules which require to be completed in the rules book and also gives information about various optional changes which can be made to the standard rules.

Other optional rules are also available to societies and copies of these can be obtained by ringing either the Rules Section (8950142) or the Formations Officer (8950149) at the Department.

FORMATION STATEMENT

The purpose of the formation statement is to provide a summary of the provisions made in the rules of the proposed co-operative and to provide details of financial viability to the prospective members of the society. The formation statement is the society's equivalent to a prospectus.

Two copies of the formation statement are enclosed. The group may wish to use the second copy of the formation statement to make up a draft copy of the formation statement for their own reference.

Should any difficulties arise in completing either the rules or the formation statement the Formations Officer (8950149) can be contacted for assistance.

Once completed a copy of the draft rules and formation statement should be forwarded to the Formations Officer at the Department who will arrange for examination of these documents. To enable the quick resolution of any matters arising from the examination of the draft rules and formation statement it is advisable to supply a contact person and phone number.

When the draft rules and formation statement are approved, the group will be advised of such approval by the Department and the formation meeting can then be held at such future time as determined by the group.

Application forms for registration of the society will be supplied by the Department when approval of the draft rules and formation statement is given. These forms are listed below:-

Form 1 - Application for Registration

Form 2 - Declaration by the Chairperson and Secretary of the formation meeting regarding the holding of the formation meeting.

Form 3 - List of Directors.

Form 4 - List of Applicants for Membership.

FORMATION MEETING

It is necessary for at least *seven prospective members to be present at the formation meeting of the society. All prospective members may review the draft formation statement and rules and a minimum of *seven prospective members are required to approve of the proposed rules at the formation meeting of the society. These *seven members, together with other prospective members present at the formation meeting would then complete and sign membership application forms. Form 19 is a sample of a membership application form and copies of this form will be supplied when approval of the draft rules and formation statement is given. After these application forms are signed the first directors of the society are then elected by the members present. The Chairperson and Secretary of the society may also be elected at the formation meeting or, if preferable, these appointments could be made at the first meeting of the board of directors.

It is advisable to complete and sign Forms 1, 2, 3 and 4 at the formation meeting as all persons required to sign these documents would be present at the time. Likewise the signatures required on the rule books and formation statement to be lodged for registration of the society could be obtained at the formation meeting.

Minutes of the formation meeting should be taken and kept in a minutes book.

APPLICATION FOR REGISTRATION

Within two months after the date of the formation meeting Forms 1, 2, 3 and 4, together with two copies of the rules book adopted at the formation

meeting and one copy of the formation statement presented at the formation meeting should be submitted to the Department for registration of the society. A \$70 registration fee is applicable and payable on application for registration.

Both rule books submitted will need to be signed by *seven members of the society with each signature being witnessed. The same person may act as witness to all *seven signatures. The formation statement will need to be certified and signed by the Chairperson and Secretary of the formation meeting of the society.

Once registered a Certificate of Incorporation and a registered copy of the rules will be sent to the society.

Some initial steps the society may wish to take would be to approve memberships, issue shares and open a bank account in the name of the society. The society can then take upon activities to carry out its objects.

* five in the case of worker co-operatives.

Registry of Co-operative Societies
(May '88)



Business & Consumer Affairs

FORMATION MEETING PROCEDURES

Step 1

When the draft rules and formation statement are accepted as meeting legislative and financial viability requirements, the group will be advised by the Registry. The formation meeting can then be held at a future time determined by the group.

Formation documents and an application form for registration will be supplied with the advice of acceptance. These documents are listed below:-

- Form 1 - Application for registration;
- Form 2 - Declaration by the Chairperson and Secretary that at least 7 prospective members attended the formation meeting; that the formation statement and rules were presented at that meeting and; that the provisions of Section 39 of the Act were complied with;

(Section 39 requirements are set out in Steps 2 and 3 of this procedures statement).

- Form 3 - List of directors;
- Form 4 - List of applicants for membership;
- Forms 19 - Applications for membership.

Step 2

There should be at least 7 prospective members present at the meeting. Initially all prospective members present should review the draft formation statement and rules. Then at least seven of them have to approve of the rules with or without amendments (amendments acceptable to the Registry) to continue with formation. These members must then sign membership applications forms (Forms 19). Only then can the first directors be elected by members.

Co-operative Societies

1 Fitzwilliam Macquarie House, 161 Macquarie Street Parramatta

Postal Address: PO Box 972 Parramatta 2150

Telephone: (02) 889 8111 Facsimile: 689 8133 Telex: 21871 DX: 284550 Parramatta

895-0111

FORMATION MEETING PROCEDURES (cont'd)

Minutes of the meeting should be taken and kept in a minutes book.

The Chairperson and Secretary can be elected at this meeting or at the first board of directors meeting.

Forms 1, 2, 3 and 4 can be completed and signed at this meeting.

Step 3

Within two (2) months after the date of the formation meeting, Forms 1, 2, 3 and 4 together with two copies of the rules book and one copy of the formation statement should be submitted along with the prescribed fee of seventy dollars (\$70.00) to the Registry. The rules book should be signed by at least seven people who have applied for membership and the witness to the signatures. The formation statement should be signed by the Chairperson and Secretary. At the Registry these documents are checked and the co-operative will be sent a certificate of incorporation once registration has been processed.

Step 4

Membership should be approved; a bank account opened; shares paid and allotted after registration. The co-operative can then take upon activities to carry out its objects.

CASH FLOW BUDGET FOR FIRST TWO YEARS OF OPERATION

NAME:		1ST YEAR	2ND YEAR
CASH IN:	OPENING BALANCE		
	SHARES		
	SUBSCRIPTIONS		
	MEMBERS CONTRIBUTIONS		
	2 MONTHS LOAN REPAYMENT		N/A
TOTAL CASH RECEIPTS:			
CASH OUT:	COUNCIL RATES		
	WATER RATES		
	INSURANCE		
	ELECTRICITY (COMMON AREA)		
	SINKING FUND:		
	*CONTINGENCIES		
	*2 MONTHS LOAN REPAYMENT		N/A
	*CYCLICAL MAINTENANCE		
	DAILY MAINTENANCE		
	ADMINISTRATION:		
	*BANK CHARGES		
	*AUDITOR		
	*PHONE & OFFICE		
	* SUBSCRIPTIONS		
	OTHER		
	LOAN REPAYMENT		
TOTAL CASH PAYMENTS:			
CLOSING BANK BALANCE:			

ASSETS

(SINKING FUND)	CLOSING BANK BALANCE		
	*CONTINGENCIES		
	*2 MONTHS LOAN REPAYMENT		
	*CYCLICAL MAINTENANCE		
	INTEREST ON SINKING FUND		
TOTAL CASH ASSETS:			

CASH FLOW BUDGET FOR FIRST TWO YEARS OF OPERATION

NAME:		1ST YEAR	2ND YEAR
CASH IN:	OPENING BALANCE		
	SHARES		
	SUBSCRIPTIONS		
	MEMBERS CONTRIBUTIONS		
	2 MONTHS LOAN REPAYMENT		N/A
TOTAL CASH RECEIPTS:			
CASH OUT:	COUNCIL RATES		
	WATER RATES		
	INSURANCE		
	ELECTRICITY (COMMON AREA)		
	SINKING FUND:		
	*CONTINGENCIES		
	*2 MONTHS LOAN REPAYMENT		N/A
	*CYCLICAL MAINTENANCE		
	DAILY MAINTENANCE		
	ADMINISTRATION:		
	*BANK CHARGES		
	*AUDITOR		
	*PHONE & OFFICE		
	* SUBSCRIPTIONS		
	OTHER		
	LOAN REPAYMENT		
TOTAL CASH PAYMENTS:			
CLOSING BANK BALANCE:			

ASSETS

(SINKING FUND)	CLOSING BANK BALANCE		
	*CONTINGENCIES		
	*2 MONTHS LOAN REPAYMENT		
	*CYCLICAL MAINTENANCE		
	INTEREST ON SINKING FUND		
TOTAL CASH ASSETS:			

CO-OPERATION ACT

Application for Registration of a Society

TO THE REGISTRAR OF CO-OPERATIVE SOCIETIES, SYDNEY.

1. We, the undersigned, being all of the directors of the society hereinafter referred to, hereby apply for registration of such society under the Co-operation Act and in support of such application make the following statements:

2. The name of the society is _____

as set forth in Rule No. _____

3. The meeting to form the society was held at _____
_____ on the _____ day
of _____, 19____, and it was then resolved to apply for
registration as a _____ society with
_____ liability.

4. Accompanying this application are sent –

- (a) a statutory declaration by the chairman and secretary of the formation meeting in or to the effect of Form 2;
- (b) a copy of the written statement presented to the meeting of members, as required by section 39 (3) (a) of the Act and signed by the chairman and secretary of the meeting;
- (c) two copies of the proposed rules, signed by not less than seven applicants for membership, each of whose signatures has been attested by a witness;
- (d) a list containing the full name and the occupation and address of each director (Form 3);
- (e) a list containing the full name and the occupation and address of each applicant for membership, and the number of shares subscribed for by him (Form 4).

5. The person to whom and the address to which communications relating to this application may be sent is–

(Name) _____

(Address) _____

Dated this _____ day of _____, 19____

Director _____ Director _____

Director _____ Director _____

Director _____ Director _____

Director _____ Director _____

The abovenamed society is registered this _____ day
of _____, 19____

CO-OPERATION ACT

Declaration to Accompany Application
for Registration of a Society.

Name of Applicant Society _____

We _____ of _____

and _____ of _____

chairman and secretary respectively of a meeting held at _____

on the _____ day of _____ 19 _____

for the purpose of forming the above society do solemnly and sincerely declare that -

1. There were seven or more adult persons qualified to be members of the society present at the aforesaid meeting who approved the rules now being tendered for registration.
2. There were presented to the said meeting:-

(a) a written statement showing the objects of the society, and the reasons for believing that, when registered, it will be able to carry out its objects successfully;

(b) a copy of the rules proposed to be tendered for registration.

3. The provisions of section 39 of the Co-operation Act have been duly complied with.

AND we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths Act, 1900 as amended.

(Signed) _____
Chairman of the Meeting

Secretary of the Meeting

Declared by both the abovenamed declarants before me at _____
this _____ day of _____ 19 _____

(Justice of the Peace,
Notary Public or
Commissioner for Affidavits)

LIST OF DIRECTORS

being secretary of the abovenamed society hereby give notice that the undermentioned persons-

or,

[illegible]

(Signature).....

* Strike out words not applicable

0.

(To accompany application for registration of a society)

Nominal value of each share.....

Dated this _____ day of _____ 19____

Signature of Secretary.

... the money in consideration of the allotment of shares before a society is registered.

Form 19
Regulation 35

CO-OPS PLEASE NOTE

Every person who joins your Co-op is required to fill in one of these forms. These forms (Form 19) are to be held by the Co-op. They do not need to be lodged with the Registry.

When you are ready to incorporate, ask CHRU to give you however many copies you need.

CO-OPERATION ACT

Names of Society

Application for membership or for additional shares.

Surname of Applicant

First names

Occupation

Postal address

Address to which notices are to be sent

.....

1. I hereby apply -

(a) to be admitted as a member of the above named society, and to be allotted shares therein;

(b) to be allotted additional shares in the above named society.

and in respect of such application

I undertake to lodge / lodge herewith

in accordance with the rules the sum of \$, which sum is made up as shown hereunder.

2. If this application be approved and the shares as aforesaid be allotted to me, I agree to pay all charges required by the society, a list of which charges has been supplied to me, and I agree to be bound by the rules of the society and by any alterations thereof registered in accordance with the above named Act.

3. I am over the age of eighteen years / under the age of eighteen years, having been born on theday of 19.....

*Strike out the words which are inapplicable. \$ _____
\$ _____

Dated thisday of, 19

Signature of Applicant

Signature of Witness