

..... **HOUSING**

**SECONDARY CO-OPERATIVE LIMITED**

**NAME**

1. [a] The name of the Co-operative is .....  
..... **HOUSING SECONDARY CO-OPERATIVE LIMITED.**

**FORM OF CO-OPERATIVE**

2. This is the constitution of a business undertaking formed as a **Secondary Housing** Co-operative with limited liability in terms of the provisions of the Co-operatives Act, 2005 (Act 14 of 2005).

**INTERPRETATION OF TERMS**

3. In this constitution, unless the context indicates otherwise, a word or expression to which a meaning is attached in the Co-operatives Act, 2005 (Act 14 of 2005) shall have a similar meaning and -

"board" means the board of directors referred to in clause 18;

"building and financing proposals" means a proposal prepared by the secondary housing co-operative setting out details pertaining to a project as contemplated in clause 7;

"co-operative" means .....  
..... **HOUSING SECONDARY CO-OPERATIVE LIMITED**  
which is registered in terms of the Act;

"document of access" means the documents evidencing the rights of a member of a primary co-operative in respect of the share, the user agreement or instalment sale and the member's contribution in respect of a specific housing unit owned by the housing co-operative which shall be inextricably linked and not capable of being transferred separately;

"instalment sale" means an agreement for the sale of a housing unit on instalments as contemplated in Chapter 11 of the Alienation of Land Act, 1981 which shall be inextricably linked to a share in the primary co-operative and the members contribution and which shall be substantially in the form of Schedule 2;

"member" means a member of the secondary housing co-operative, unless stated otherwise.

"member's contribution" means an amount paid by a member of a primary co-operative to the primary co-operative subject to the provisions of regulation 46 of the Banking Regulations made under GN. R628 in Government Gazette 17115 of 26 April 1996, if required in the building and financing plan, which amount shall only be repayable to the member of the primary co-operative to the extent that upon the termination of the membership of that member, a new incoming member identified by the secondary housing co-operative and approved by the board of the primary co-operative, in

accordance with the savings principle, shall be prepared to acquire the documents of access in an amount not less than the aggregate of the share amount and such payment;

"pre-emptive right"	means the right of a member of a primary housing co-operative in accordance with the savings principle, to acquire documents of access from a member wishing to transfer his membership of the primary co-operative;
"primary housing co-operative"	means a primary housing co-operative which is a member of the secondary housing co-operative;
"project"	means a project undertaken or to be undertaken by the secondary housing co-operative;
"savings principle"	means in accordance with the extent to which members of primary housing co-operative have made savings with a savings and credit co-operative associated with the primary co-operative in accordance with predetermined targets in accordance with rules adopted by special resolution by the secondary housing co-operative;
"secondary housing co-operative"	has the same meaning as "co-operative" defined above;
"the Act"	means the Co-operatives Act, 2005 (Act No. 14 of 2005).
"use agreement"	means an agreement concluded between the primary co-operative and its individual members in respect of a specific housing unit which shall be inextricably linked to a share in the primary co-operative and by member's contribution;

A reference to one gender includes the others; the singular includes the plural and vice versa, and headings are not taken into account in the interpretation.

#### **PLACES OF BUSINESS**

4. [1] The main place of business of the secondary housing co-operative is situated at ..... (place) and ..... (province).
- [2] The housing co-operative may not establish branches.

#### **OBJECTIVES**

5. [1] The main objective of the secondary housing co-operative is to provide services to its members and to undertake housing developments on behalf of its members whether by acquiring, developing and/or holding immovable property.
- [2] Furthermore the secondary housing co-operative may establish primary housing co-operatives which will holding housing units and to manage the use of such housing units by members of the primary housing co-operative, and to provide management services to housing co-operatives having concluded management agreements with them. Such management services may include collection of payments from the primary housing co-operatives' members, serving the primary housing co-operatives' members with written notices when they are in arrear with payments in terms of the use agreement, and the institution of any proceedings to evict a person from a housing unit.

**POWERS**

6. [1] The board exercises, for and on behalf of its members, the following powers -
- [a] to establish primary housing co-operatives to own and make available by use agreement housing units to members of the primary housing co-operatives;
  - [b] to undertake development projects and the construction of housing units for the purposes of [a] above;
  - [c] to provide management, maintenance, administrative and other services to primary housing co-operatives or other housing entities when management contracts have been concluded;
  - [d] to employ persons to perform work for the secondary housing co-operative on such conditions it may determine;
  - [e] act as the agent of its member co-operatives and to conclude use agreements for housing units with the members of the primary housing co-operative; and
  - [f] to become a member of another co-operative, or of any association or organisation which promotes any matter in which the co-operative has an interest.
- [2] Apart from the powers mentioned in sub-clause [1], the secondary housing co-operative shall have such powers as may be necessary to pursue its objectives.

**MODUS OPERANDI**

7. [1] The secondary housing co-operative shall, in pursuance of clause 5, prepare building and financing proposals in respect of projects to be undertaken by it.
- [2] The financing and building proposals sets out details of the project, the various issues relating to the construction or upgrading of immovable property comprising housing units and the financing thereof, the relevant time frames and funding commitments, any member's contribution required to finance the project, the proposed monthly charges or instalments pertaining to the housing units, drawings, descriptions and specifications of the housing units, cost estimates, and an operating budget from which the secondary housing co-operative shall not be able to deviate substantially without the consent of the members of the primary housing co-operatives.
- [3] The secondary housing co-operative may, subject to the primary housing co-operative members' pre-emptive rights and the ability of this members to afford housing units in a particular project, enter into agreements with the members of the primary housing co-operative, based on the building and financing proposal, to acquire documents of access, in respect of housing units to be owned by the primary housing co-operative to be established by the secondary housing co-operative.
- [4] The secondary housing co-operative may, where a primary housing co-operative has not as yet been registered in undertaking a project, conclude agreements as a trustee for a primary housing co-operative to be established: Provided that agreements so concluded shall be ratified by the primary housing co-operative upon its registration.
- [5] The secondary housing co-operative shall conclude an agreement with each primary housing co-operative established or to be established by it to provide management and support services to the housing co-operative.

#### **MEMBERSHIP**

8. The members of the secondary housing co-operative are primary housing co-operatives.

#### **APPLICATION FOR MEMBERSHIP**

9. [1] Application for membership shall be made on the form provided for that purpose accompanied by the Membership Fee and the applicable Share amount.
- [2] The board shall consider every application for membership and has the right to accept or reject an application.
- [3] The board shall, within one month after receipt of an application for membership, cause the applicant to be notified of its decision and, in the event of an application for membership being rejected, any amount paid by the applicant to the secondary housing co-operative shall be refunded to the applicant.

#### **MEMBERSHIP FEE, SUBSCRIPTION FEE AND SHARE AMOUNT**

10. (1) A membership fee of R..... must be paid on application for membership. Such fee is not refunded on termination of membership.
- [2] A member shall also pay an annual subscription fee of R..... on or before the ..... day of ..... each year. Subscription fees are not refunded on termination of membership.
- [3] The nominal value of a share is R....., and shall be fully be paid-up on application for membership. Each primary housing co-operatives that applies for membership shall take up .....(number of ) shares in respect of each member of such primary housing co-operative.

#### **COMMENCEMENT OF MEMBERSHIP**

11. A primary housing co-operative becomes a member of the co-operative when his application for membership has been accepted by the board.

#### **CERTIFICATES OF SHARES AND LOANS**

12. Share certificates and Loan Certificates shall be issued in such form, as the Board shall determine. These certificates shall state the name of the secondary housing co-operative, that the Co-operative is subject to the Act, the name of the primary housing co-operative to whom it is issued and that the certificate represents membership shares in, or member loans to, the Co-operative and the number of the membership shares or the amount of the member loans.

#### **LIABILITY OF MEMBERS**

13. (1) The liability of a member against creditors of the secondary housing co-operative is limited to an amount owing by the member to the secondary housing co-operative.

- (2) The liability of a member is equal to the nominal value of the shares in the Co-operative held by the member in so far as that amount has not been paid up.

#### **TRANSFER OF MEMBERSHIP**

14. [1] Membership may be transferred upon the approval and on the authority of the board.
- [2] The board may at any time refuse to approve and register a proposed transfer.
- [3] The transfer of any membership shall be in writing in such form and signed in such manner as the board from time to time may stipulate.
- [4] When such transfer has taken place the board shall issue to the transferee a share certificate.

#### **TERMINATION OF MEMBERSHIP**

##### **Termination of membership on winding-up of a member**

15. (1) Membership of a member who is in the process of winding-up, may be terminated by resolution of the board.
- (2) Upon such termination, the membership fees are forfeited and the amount paid in respect thereof is credited to the General Reserve Fund.
- (3) The shares registered in the name of the member must be cancelled by resolution of the board at the request of the liquidator of the estate.
- (4) Upon such cancellation the secondary housing co-operative must, pay to the liquidator the amount paid up on the shares for payment to the estate of the member: Provided that if the value of such shares, according to the latest completed balance sheet of the co-operative, is less than their nominal value, the co-operative shall pay an amount equal to the value so determined.

##### **Withdrawal of membership**

16. (1) The resignation of a member comes into operation at the first annual general meeting of the secondary housing co-operative held after the secondary housing co-operative has received the written resignation of the member: Provided that the member gave the secondary housing co-operative a minimum of 6 months notice before this annual general meeting. The membership of a member who has resigned, shall be terminated by resolution of the Board.
- (2) The amount paid in respect of membership fees shall be forfeited to the secondary housing co-operatives and credited to the General Reserve Fund.
- (3) The shares of a member who has resigned, shall be cancelled by resolution of the Board. The amount paid up on such cancelled shares shall, at the discretion of the Board, be repaid to the member within a period of two years from the date of cancellation: Provided that if the value of the shares, according to the latest completed balance sheet of the Co-operative shall pay, an amount equal to the value so determined.

##### **Expulsion**

17. [1] A member who repeatedly contravenes a provision of this constitution, including an obligation to pay user charges, instalments or membership fees may by special resolution be expelled from the secondary housing co-operative.
- [2] The expulsion of a member may be revoked by resolution of the board at any time.

- [3] A member shall not be expelled from the secondary housing co-operative unless the member has been given written notice of the intention of the board to suspend the member or to recommend to members that the specific member be expelled.
- [4] The notice to such member shall contain the following particulars –
- [a] the reasons for the proposed expulsion with reference to the non-compliance with a specific provision of this constitution, the user agreement or instalment sale, agreement or the house rules; and
  - [b] a time when, and place where the member may be represented, with or without witnesses, before the board or to which the primary housing co-operative may send a written statement signed by him or herself setting out his or her objections to the proposed expulsion.
- [5] The board shall, if it is decided to expel a member, notify him or her in writing of the date on which the member's expulsion comes into effect.
- [6] Termination of membership shall not terminate a liability in respect of amounts owing under the user agreement or instalment sale.
- [7] In event of termination hereunder, the share shall be cancelled and the value thereof be applied towards any indebtedness of the member.

#### **BOARD OF DIRECTORS**

##### **Management of secondary housing co-operative**

18. [1] The affairs of the secondary housing co-operative shall be managed by a board consisting of a minimum of **3** and a maximum of **7** directors. The directors shall, subject to the provisions of the Act and this constitution, exercise the powers and duties of the secondary housing co-operative.
- [2] The number of directors shall, subject to the approval of the members at the next general meeting, be determined by the board from time to time. If, however, the members do not approve the decision of the board and a vacancy arises as a result thereof, such vacancy shall be regarded as a casual vacancy.

##### **Persons not competent to be Director**

19. No person shall hold the office of Director if -
- [a] A person is of unsound mind;
  - [b] A person is an unrehabilitated insolvent;
  - [c] A person who has at any time been convicted (whether in the Republic or elsewhere) of theft, fraud, forgery, perjury, or any offence involving dishonesty in connection with the formation or management of a co-operative or other corporate entity.

##### **Term of office**

20. (1) The term of office of the directors of the co-operative is **2 years**.
- (2) Retiring directors are eligible for re-election.
- (3) The directors to retire each year must be those who have been longest in office since their last election at the annual general meeting. Members who became directors on the same day, if they cannot agree who must step down among themselves, the members who

must step down must be decided by paper vote.

**Nomination of directors**

21. [1] Candidates for the position of director shall be nominated openly at the annual general meeting held for the purpose electing one or more directors.
- [2] Without prejudice to the provisions of clauses 24, a member's representative, including a retiring director, qualifies for election as director only if he or she is nominated in terms of sub-clause [1].
- [3] [a] If the number of candidates nominated does not exceed the number of vacancies on the board to be filled, such candidate or candidates shall be declared elected at the annual general meeting.
- [b] If the number of candidates nominated exceeds the number of vacancies on the board, as many directors as there are vacancies shall be elected from the nominees at the annual general meeting.
- [c] If insufficient or no candidates are nominated to fill the vacancies on the board, such vacancies shall be regarded as casual vacancies to be filled in accordance with clause 24.
22. Subject to the provisions of this constitution and the Act, the method to be followed in electing directors shall be as determined by the chairperson of the meeting.

**Voting of members for directors**

23. At the election of directors a member shall vote for as many candidates as there are vacancies to be filled on the board, and those candidates receiving the highest number of votes shall be declared elected.

**Casual vacancy on the board**

24. Any casual vacancy occurring on the board during the year shall be filled until the next annual general meeting by a member appointed, by the remaining directors, subject to the provisions of clause 21. At the said annual general meeting a member shall, subject to the provisions of this constitution, be elected to fill the casual vacancy. Any director elected at such annual general meeting shall not hold office for a period longer than the unexpired portion of the period of office of the director whose office became vacant.

**Conditions for Vacation of office**

25. A director shall vacate his or her office -
- [a] if he or she becomes incompetent in terms of clause 19 of this constitution to hold the office of director; or
- [b] if he or she absents himself or herself from more than three consecutive ordinary meetings of the board without its leave; or
- [c] upon the expiry of 30 (thirty) days, or such shorter period as may be approved by the board, after he has resigned as a director of the secondary housing co-operative.

**Conditions and Processes for the appointment of the Chairperson,  
Vice-Chairperson and Acting Chairperson of the Board**

26. [1] At the first meeting of the Board held after the formation meeting and thereafter at the first meeting of the Board held after every annual general meeting of members or when the necessity arises, the Directors shall elect from among themselves a Chairperson and Vice-Chairperson.
- [2] The Vice-Chairperson shall act as Chairperson whenever last-named is absent or unable to act as Chairperson, and if both the

Chairperson and Vice-Chairperson are absent or unable to carry out the functions of the chairperson, the board must elect another Director to be Acting Chairperson during such absence or incapacity.

27. The Chairperson of the Board of the Co-operative shall vacate the office of the Chairperson if he -

[a] Ceases to be a Director of the Co-operative; or

[b] Resigns as Chairperson; or

[c] Is relieved of the office of Chairperson by the Board.

28. The provisions of clause 27 shall mutatis mutandis apply to the vice-Chairperson of the Board.

#### **Board meetings and Quorum**

29. [1] A meeting of the board must be convened by the Board or the Chairperson of the Board or any two Directors of the Co-operative.

[2] The majority of Directors shall constitute a quorum of a meeting of the Board.

[3] Questions arising at a meeting of the Board shall be determined by a majority of the Directors present at the meeting and in the case of an equality of votes, the Chairperson of the Board or the person acting as Chairperson shall have a casting vote in addition to his deliberative vote.

#### **By-laws**

30. The Board has power to make by-laws provided they are not repugnant to this constitution.

#### **Delegation of powers to a committee**

31. [1] The Board may delegate one or more of its powers to a Director or to a Committee appointed by the Board or Manager of the Co-operative.

[2] Any Director or Committee or Manager so appointed must in the exercise of the powers so delegated, abide by such rules as may be made and follow such instructions as may be issued, in regard thereto, by the Board.

#### **Insurance**

32. Unless otherwise resolved by a special resolution of members, the board shall provide for insurance of the assets (including any building or housing units comprising the project) of the secondary housing co-operative, including cash, against loss or damage, and in respect of liability of the secondary housing co-operative in regard to ordinary business risks, and shall also provide for such insurance in respect of products and other goods whilst under the care and control of the secondary housing co-operative unless the relevant risk shall have been transferred to another entity or person..

#### **GENERAL MEETINGS**

33. [1] A Co-operative must hold:

[a] Its first annual general meeting within **18** months of registration of the Co-operative;

[b] Subsequently annual general meetings within **6** months after the end of the preceding financial year.

[2] The annual general meeting must:

[a] Appoint an auditor;



- [b] Approve a report of the board on the affairs of the Co-operative for the previous financial year;
- [c] Approve the financial statements and auditor's report where applicable for the previous financial year;
- [d] Elect Directors; and
- [e] Decide on the future business of the Co-operative.

#### **Special General Meetings**

34. The Co-operative may from time to time in addition to its annual general meeting hold Special general meetings of its members to dispose of any matter relating to its affairs specifically set out in the notice convening the meeting.

#### **Convention of Meetings**

35. [1] An annual general meeting shall be convened on authority of the Board.
- [2] A special general meeting shall be convened –
- [a] by at least two Directors of the Co-operative; or
  - [b] by two or more members of the Co-operative constituting in number at least ten (10%) percent of all the members of the Co-operative: Provided that such members shall not be entitled to convene a special general meeting unless they have beforehand in writing petitioned the Directors to convene such a meeting and the meeting is not convened within twenty-one (21) days reckoned from the date the petition was lodged, or unless for any reason there are no directors to whom such a petition can be addressed.
- [3] Any meeting convened in terms of sub-clause 35(2)(b) by the petitionists shall, as far as possible, be convened and held in the same manner as is prescribed for meetings convened and held by the Board and any reasonable expense incurred by the petitionists in securing the names and addresses of members, in sending notices of the meeting to them and hiring accommodation for the holding of the meeting if so resolved by such meeting, be refunded to the petitionists by the Co-operative.

#### **Notice of general meeting**

36. [1] A general meeting shall be convened by at least 14 days notice in writing to each member of the Co-operative.
- [2] The notice convening the meeting shall in addition to the time and place of the meeting state the purpose for which it is convened.
- [3] A notice may be delivered personally, forwarded by post to the member at his registered address, e-mailed to registered e-mail address of the member or faxed the registered fax number of the member.
- [4] Non-receipt by a member of a notice of a general meeting of the Co-operative does not render such meeting invalid.
- [5] If a notice of a meeting is returned to the Co-operative because the member to whom it was sent is no longer resident at the registered address, the e-mail address or fax number does not exist or does not function, the Co-operative shall be relieved of its obligation to send further notices of meetings to the member concerned unless the member makes an appearance and requests that such notices be sent to his new address.

#### **Representation of juristic persons at general meetings**

37. A member which is a juristic person, may appoint someone to act on its behalf at a general meeting of the co-operative.

**Appointment of proxies**

38. A representative of a member of the co-operative may appoint any person who is not in terms of clause 19 incompetent to be a director of the co-operative as proxy to attend, to speak and to vote in his or its stead at a general meeting of the co-operative: Provided that -
- [a] a proxy shall not be entitled to cast a vote except in a vote by ballot;
  - [b] a member or such a representative shall not be entitled to appoint more than one proxy;
  - [c] the same person shall not act as proxy to more than two representatives;
  - [d] a proxy at a general meeting shall not represent more than 20% (twenty per cent) of the votes of all representatives.

**Proxies**

39. [1] The form appointing a proxy must be in the format approved by the board.
- [2] Proxies, duly completed, shall be handed in or delivered at the registered office of the co-operative not later than 24 (twenty-four) hours before the time fixed for the meeting.
- [3] The secretary or other official acting on his behalf shall give a receipt to each proxyholder indicating the number of proxies held by him and the names of the appointor or appointors: Provided the proxyholder is not advised of any defect in any of the proxies held by him, this receipt shall be sufficient evidence at the meeting of the number of votes which may be cast by him. Without this receipt, voting by proxy shall not be allowed.
- [4] If a member appoints two or more proxies to vote on his behalf at the same meeting, the chairman shall, if he is aware of the position, at his discretion either disallow all his proxies or declare which of the relative proxies shall be allowed.

**Quorums**

40. A quorum for a general meeting shall be constituted -
- [a] by at least two members, if the number of members of the Co-operative is not more than ten;
  - [b] by at least three of the members of the Co-operative, if the number of members of the Co-operative is more than ten.
41. No item of business shall be transacted at any general meeting unless a quorum of members is present during the time when the meeting is considering that item.
42. [1] If within one hour from the time appointed for the meeting a quorum is not present, the meeting –
- [a] if convened by members or in consequence of a petition of members, must be cancelled;
  - [b] if otherwise convened, must be adjourned to the same day in the next week at the same time and place, or if that day is a public holiday, to the next day following which is not a public holiday.
- [2] If the same hall or building is not available for an adjourned meeting, it may be held at another venue within convenient distance if members are advised of the change of venue either by notice posted at the original venue or by some other means.
- [3] If a quorum is not present within one hour after the time fixed for an adjourned meeting, the members present, provided they are not less than five in number, shall be deemed to constitute a quorum: Provided that a special resolution may not be passed by such a meeting.

**Chairperson of general meetings**

43. [1] The Chairperson of the Board or in his absence the Vice-Chairperson or in the absence of both, another Director elected by the meeting shall act as Chairperson of an annual general meeting or a special general meeting convened in terms of clauses 35(1) and 35(2)(a).
- [2] A person elected by the meeting shall act as the Chairperson of a special general meeting convened in terms of clause 35(2)(b) of this constitution.

**Voting by members**

44. At all meetings of the co-operative, each member shall have one vote.
- [1] Any matter for decision by a general meeting shall be decided by means of a vote on a show of hands or by ballot.
- [2] A vote by ballot shall not be held unless it is demanded by at least two members present at the meeting and entitled to vote in a vote by ballot.
- [3] A vote by ballot must be held in such manner as the Chairperson stipulates. Scrutineers must be nominated to determine the result of the vote that must be declared by the Chairperson of the meeting as the resolution of the meeting.
- [4] A declaration by the chairperson that a resolution has, on a show of hands or by ballot, been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minutes of the proceedings of the meeting, shall be conclusive, proof thereof, without evidence as to the number or proportion of votes recorded for or against such resolution.
45. If no objection is raised in terms of the provisions of this constitution against the validity of any vote cast at the meeting, whether on a show of hands or by ballot, every vote cast at the meeting that has not been disallowed shall for all purposes be deemed to be valid.
46. In the case of an equality of votes, whether on a show of hands or in a vote by ballot, the Chairperson of the meeting shall have a casting vote in addition to his deliberative vote.
47. Every matter submitted to a general meeting for resolution, except for a matter requiring a special resolution, shall be determined by a majority of votes recorded at the meeting.

**Special resolution**

48. A resolution by a general meeting of the Co-operative shall, constitute a special resolution if -
- [a] the notice by which the general meeting was convened specified particulars of the proposed resolution and stated the intention to propose same as a special resolution; and
- [b] the resolution has been passed by not less than two thirds of the members present, both in a vote on the show of hands and a vote by ballot;
- [c] the resolution related to the winding-up of the Co-operative and was passed by at least 75 percent of the votes of all the members of the Co-operative, both in a vote on the show of hands and a vote by ballot.

**BORROWING POWERS**

49. The secondary housing co-operative shall not borrow or raise money or overdraw a banking account except on authority of a special resolution:

Provided that the secondary housing co-operative may borrow or raise money or overdraw a banking account without the said authority up to an amount not exceeding one half of the aggregate of its share capital and general reserve.

#### **BANKING ACCOUNT**

50. [1] The secondary housing co-operative shall open a banking account in the name of the secondary housing co-operative in which all moneys received shall be deposited as soon as possible after receipt thereof.
- [2] Cheques drawn on the banking account shall be signed by two out of the five directors nominated/appointed by the Board for that purpose. As from the date of a full time manager having been employed by the secondary housing co-operative, cheques shall be signed by one such director and the relevant manager.

#### **FINANCIAL YEAR**

51. The financial year of the secondary housing co-operative shall end on the last day of **February** of each year.

#### **FINANCIAL RECORDS**

52. [1] The Co-operative must keep, such accounting records as are necessary fairly to reflect the state of affairs and business of the Co-operative and to explain the transactions and financial position of the business of the Co-operative.
- [2] The accounting records shall be kept at the registered office of the Co-operative and shall be available at all times for examination by the Directors.

#### **Annual financial statements**

53. [1] An audit of the affairs of the co-operative must be conducted annually in respect of each financial year in order to –
- [a] ensure that financial statements are drawn up in conformity with generally accepted accounting practices;
  - [b] verify that the co-operative has maintained adequate records in accordance with the requirements of this constitution and the Act;
  - [c] report generally as to whether the assets and facilities of the co-operative are being properly managed and the operations of the co-operative are being conducted in accordance with co-operative principles; and
  - [d] report on any other matter the auditors are required to report on in terms of the constitution.
54. [2] The provisions of clause 53.1 are applicable to the annual financial statements of the Co-operative and its company subsidiaries.

#### **AUDIT**

55. The members must appoint an auditor at each annual general meeting, to hold office until the close of the next annual general meeting. The duties of the auditor is outlined in clause 53.

#### **SURPLUS**

56. The surplus resulting from the operations of the secondary housing co-operative during any financial year shall be applied as follows:
- [a] Five percent (5%) is set aside as a reserve in the Indivisible Reserve Fund and is not divisible amongst the members; and
  - [b] Nine five percent (95%) shall be set aside as General Reserve Fund and may be applied to avoid any increase in monthly charges.

#### **BUSINESS**

57. (1) The business of the secondary housing co-operative shall be the carrying out of all or any of the objectives mentioned in clause 5 of this constitution on such terms and conditions as may from time to time be decided on by the board.
- (2) The co-operative shall sue and be sued in the name of the co-operative and all powers of attorney and documents in connection therewith shall be signed by the chairperson of the board, or any director lawfully acting in that capacity, and by the secretary.

#### **AMENDMENT OF CONSTITUTION**

58. The constitution of the secondary housing co-operative may be amended by special resolution only.

#### **APPOINTMENT OF COMMITTEE BY MEMBERS**

59. [1] By resolution of a general meeting of members or of a meeting of the board, a committee may be appointed to carry out any special task that may be deemed desirable.
- [2] A committee so appointed shall, in carrying out the special task with which it has been charged, abide by the rules made and follow the instructions issued by the members and/or the board.

#### **COPY OF CERTIFICATE OF INCORPORATION AND OF CONSTITUTION**

60. At the registered office of the secondary housing co-operative shall be kept the certificate of incorporation and a true copy of this constitution.

#### **LIQUIDATION**

61. In case of liquidation the patronage proportion must be determined for either five years, which preceded the commencement of the winding-up of the Co-operative, or the period for which the Co-operative has existed, whichever period is the shorter.

**NOTE: This page must be signed by a Representative of Each Founder Member Co-operative.**

FORENAMES AND SURNAME OF REPRESENTATIVES	NAMES AND REG. NO. OF APPLICANTS (ie. PRIMARY CO-OPERATIVES)	SIGNATURES OF REPRESENTATIVE
1. .... ..... ..... ..... .....	1. .... ..... ..... ..... Co-op. Ltd Reg Nr. .... .....	1. ....     
2. .... ..... ..... ..... .....	2. .... ..... ..... ..... Co-op. Ltd Reg Nr. .... .....	2. ....     
3. .... ..... ..... ..... .....	3. .... ..... ..... ..... Co-op. Ltd Reg Nr. .... .....	3. ....     

Changes to model constitution:

*Should changes be made to the constitution the numbers of the clauses that were changed should be mentioned in a cover letter, as well as the reasons for the changes.*