

BY-LAWS  
OF THE

\_\_\_\_\_  
(Name of the Cooperative)

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned Filipino citizens, all of legal age and residents of the Philippines, representing at least majority of the members of the \_\_\_\_\_  
(Name of Cooperative)  
a primary \_\_\_\_\_ cooperative, do hereby adopt the following code of By-laws.

ARTICLE I  
Objectives

Section 1. *Objectives.* The objectives and purposes of this Cooperative are those set forth in its Articles of Cooperation.

ARTICLE II  
Membership

Section 2. *Membership.* This Cooperative shall have regular and \_\_\_\_\_ membership/s. (*Associate membership may be allowed.*)

A Regular member is one who is entitled to all the rights and privileges of membership. An Associate member is one who has no right to vote and be voted upon and shall be entitled only to such rights and privileges provided in this by-laws.

Section 3. *Qualifications for Membership.* Regular membership. The regular membership of this Cooperative is open to any natural person, Filipino citizen, of legal age, with capacity to contract, \_\_\_\_\_ and  
(*State the common bond of membership*)  
has the following qualifications:

- a) Completed the prescribed pre-membership education training;
  - b) Undertake to uphold the By-laws, policies, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly;
  - c) \_\_\_\_\_;
  - d) \_\_\_\_\_;
  - e) \_\_\_\_\_.
- (*Please state other qualifications, if any*)

Associate membership. The associate membership of this Cooperative shall be open to any natural person, Filipino citizen, of legal age, with capacity to contract, and has the following qualifications: (*Disregard all provisions on Associate Membership if not provided for in Section 2 of this By-laws.*)

- a) Completed the prescribed pre-membership education training;
  - b) Undertake to uphold the By-laws, policies, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly;
  - c) \_\_\_\_\_;
  - d) \_\_\_\_\_;
  - e) \_\_\_\_\_;
  - f) \_\_\_\_\_.
- (*Please state other qualifications, if any*)

Section 4. *Application for Membership.* An applicant for regular or associate membership shall file a duly accomplished form with the Board of Directors who shall accept or deny it within \_\_\_\_\_ days/week from the date of filing. The Board of Directors shall devise a form for the purpose which shall, aside from the personal data of the applicant, include the duty of a member to participate in all capital build-up and savings mobilization programs of the Cooperative and such other information as may be deemed necessary.

No application for membership shall be given due course if not accompanied with a membership fee of \_\_\_\_\_ (P \_\_\_\_\_) which shall be refunded to the applicant in case of rejection.

Section 5. *Minimum Share Capital Subscription.* Regular membership. An applicant for regular membership shall subscribe at least \_\_\_\_\_ Common shares and pay the value of at least \_\_\_\_\_ share/s upon approval of his membership.

Associate Membership. An applicant for associate membership shall subscribe at least \_\_\_\_\_ Preferred Share/s and pay the value of at least \_\_\_\_\_ share/s upon approval of his membership.

However, no regular or associate member shall own or hold more than 20 percent of the total subscribed share capital of the Cooperative. The Board of Directors shall issue membership certificate and subscription agreement with such terms and conditions as may be deemed equitable.

Section 6. *Appeal.* An applicant whose application was denied by the Board of Directors may appeal to the general assembly by giving notice to the Secretary of the Cooperative within thirty (30) days before the next General Assembly meeting, whose decision on the matter shall be final.

Section 7. *Duties and Responsibilities of a Member.* Every member shall have the following duties:

- a) Pay the installment of his share capital subscription as it falls due and to participate in the capital build-up and savings mobilization activities of the Cooperative;

- b) Patronize the Cooperative's businesses and services;
- c) Participate in the membership education programs;
- d) Attend and participate in the deliberation of all matters taken during general assembly meetings;
- e) Observe and obey all lawful orders, decisions, rules and regulations adopted by the Board of Directors and the general assembly; and
- f) Promote the goals and objectives of the Cooperative, the success of its business, the welfare of its members and the cooperative movement in general.

Section 8. *Member Entitled to Vote.* Any regular member who meets the following conditions is a member entitled to vote:

- a) Paid the membership fee and the value of at least \_\_\_\_\_ shares;
- b) Not delinquent in the payment of his share capital subscriptions and other accounts or obligations;
- c) Not violated any provision of this By-laws; the terms and conditions of the subscription agreement; and the decisions, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly;
- d) Completed the basic orientation training program prescribed by the Board of Directors; and
- e) Participates in the affairs of the Cooperative and patronizes its businesses.

Section 9. *Rights of a Regular Member Entitled to Vote.* A member entitled to vote shall have the following rights:

- a) Participate and vote on all matters deliberated upon during general assembly meetings;
- b) Seek any elective or appointive position, subject to the provisions of this By-laws and the Cooperative Code of the Philippines;
- c) Avail himself of the services of the Cooperative, subject to certain conditions as may be prescribed by the Board of Directors;
- d) Inspect and examine the books of accounts, the minutes books, the share register, and other records of the Cooperative during office hours; and
- e) Such other rights and privileges as may be provided by the General Assembly.

Section 10. *Rights of an Associate Member.* An associate member shall have the following rights and privileges:

- a) Participate in the deliberation of any issue during general membership meetings;
- b) Avail himself of the services of the Cooperative, subject to certain conditions as may be prescribed by the Board of Directors;
- c) Inspect and examine the books of accounts, the minutes books, the share register, and other records of the Cooperative during office hours;
- d) Has preference in the payment of interest on share capital and in the distribution of the net assets of the Cooperative in case of liquidation; and
- e) Such other rights and privileges as may be granted by the General Assembly.

Section 11. *Liability of Members.* A member shall be liable for the debts of the Cooperative only to the extent of his subscribed share capital.

Section 12. *Termination of Membership.* Termination of membership, which may be automatic, voluntary or involuntary, shall have the effect of extinguishing all rights of a member in the Cooperative or its assets, subject to the provisions of Section 14 of this By-laws and as may be provided by the general assembly.

*Automatic Termination of Membership.* The death, insanity, permanent incapacity or judicial declaration by a competent court of the insolvency of a member shall be considered an automatic termination of his membership in the Cooperative.

*Voluntary Termination.* A member may, for any reason, withdraw his membership from the Cooperative by giving a 60-day notice to the Board of Directors. However, no member shall be allowed to withdraw or terminate his membership during any period in which he has any pending obligation with the Cooperative.

*Involuntary Termination.* A member may be terminated by a vote of the majority of all the members of the Board of Directors for any of the following causes:

- a) When he has not patronized the services/businesses of the Cooperative for more than \_\_\_\_\_ months;
- b) When he has continuously failed to comply with his obligations;
- c) When he has violated any provision of this By-laws and the rules promulgated by the Cooperative; and
- d) For any act or omission injurious or prejudicial to the interest or the welfare of the Cooperative.

Section 13. *Manner of Involuntary Termination.* The Board of Directors shall notify in writing the member who is being considered for termination and shall give him the opportunity to be heard.

After hearing, the Board of Directors shall render its decision in writing within thirty (30) days and the same shall be given to said member by the Secretary, personally or by registered mail. The decision of the Board shall be appealable within thirty (30) days from receipt thereof to the general assembly whose decision on the matter shall be final. Pending resolution by the general assembly, his membership remains valid and in force.

Section 14. *Refund of Share Capital Contribution.* A member whose membership is terminated shall be entitled to a refund of his share capital contribution and all other interests in the Cooperative. However, such refund shall not be made if upon payment the value of the assets of the Cooperative would be less than the aggregate amount of its debts and liabilities exclusive of his share capital contribution. In which case, the terminated member shall continue to be entitled to the interest of his share capital contributions, patronage refund and the use of the services of the Cooperative until such time that all his interests in the Cooperative shall have been fully paid. Upon the acceptance of his withdrawal or approval of his termination, however, he loses his right to attend, participate and vote in any meeting of the Board of Directors or the general assembly.

## Government

Section 15. *The General Assembly.* The general assembly is composed of all the members entitled to vote and is the highest governing-body of the Cooperative.

Section 16. *Powers of the General Assembly.* Subject to the Provisions of the Cooperative Code of the Philippines and the rules issued thereunder, the general assembly duly assembled shall have the following powers:

- a) To adopt and amend its Articles of Cooperation and By-laws, in accordance with law;
- b) To elect, appoint or remove for cause any member of the board of directors, officer or committee member of the Cooperative;
- c) To review, modify, reject or approve developmental plans and programs of the Cooperative;
- d) To review and pass upon the reports of the Board of Directors, Officers and committees;
- e) To review, modify, reject or approve any substantial change in the financial and operational policies of the Cooperative;
- f) To adopt a Cooperative seal; and exercise all other powers as may be authorized by law and the Constitution.

Section 17. *Meetings.* Meetings of the general assembly, board of directors and committees may be regular or special. All proceedings and businesses undertaken at any meeting of the general assembly or Board of Directors, if within the powers or authority of the Cooperative, there being a quorum, shall be valid.

Section 18. *Regular general assembly meeting.* The General Assembly shall hold its annual regular meeting at the principal office of the Cooperative or at any place within the Philippines on the date fixed by the Board of Directors; provided, that such date shall be within ninety (90) days after the close of each fiscal year. The fiscal year of this Cooperative shall commence on the first day of \_\_\_\_\_ and end on the last day of \_\_\_\_\_ and every year thereafter. (*A fiscal year refers to the 12-month operations of a Cooperative, starting from the day stipulated in the by-laws; ex. Jan. 1 - Dec. 31; June 1 - May 31; etc.*)

Section 19. *Special general assembly meeting.* The Board of Directors may, by a majority vote of all its members, call a special general assembly meeting at any time to consider urgent matters requiring immediate membership decision. The Board of Directors must likewise call a special general assembly meeting within thirty (30) days from receipt of a written request from *a)* at least ten (10) percent of the total number of members entitled to vote; *b)* the Chairman of the Audit Committee; or *c)* the head of the Federation or Union to which the Cooperative is a member; or *d)* by the Cooperative Development Authority.

Section 20. *Notice of Meeting.* All notices of meetings shall be in writing and the date, time and place thereof stated therein.

*Regular General Assembly Meeting.* Notice of the annual regular general assembly meeting shall be served by the Secretary, personally or his duly authorized representative or by registered mail upon each member at his last known postal address at least two (2) weeks before the said meeting. It shall be accompanied with an agenda, minutes of meeting of the last general assembly meeting, consolidated reports of the Board of Directors and Committees, audited financial statements, and other papers which may assist the members to intelligently participate in the proceedings.

*Special General Assembly Meeting.* Notice of any special general assembly meeting shall be served by the Secretary personally or his duly authorized representative or by registered mail upon each member at his last known postal address at least one (1) week before the said meeting. It shall state the purpose and, except for related issues, no other business shall be considered during the meeting.

Section 21. *Agenda.* As far as practicable, the order of business of a regular general assembly meeting shall be:

- a) Call to order;
- b) Roll Call;
- c) Proof of due notice;
- d) Declaration of presence of quorum;
- e) Consideration of the minutes of the last regular general assembly meeting;
- f) Matters arising from the minutes;
- g) Consideration of the consolidated report of the board of directors, officers, and the committees, including audited financial statements of the Cooperative;
- h) Unfinished business;
- i) Election of directors and committee members;
- j) New business;
- k) Other matters; and
- l) Adjournment.

Section 22. *Quorum for General Assembly Meeting.* During regular or special general assembly meeting, at least \_\_\_\_\_ percent of the total number of members entitled to vote shall constitute a quorum. (*Must not be less than 25 percent*)

Section 23. *General Assembly Meeting by Chapter.* In the event that the general membership has become more than 1,000, for purposes of holding a regular or special general assembly meeting, the Board of Directors may, by a majority vote of all its members, divide the members into Chapter; provided, that each Chapter shall consist of not less than 100 members. The division may be according to geographical location, scope of operation or such other criteria as may be deemed appropriate.

Each Chapter shall elect their representative and two alternates from among themselves who shall represent their members in the consolidation of votes cast and/or decisions taken by the different chapters.

Upon compliance of the required quorum as prescribed in the preceding Section, a Chapter shall hold its general assembly meeting in accordance with the agenda prepared by the Board of Directors. The proceedings shall be under the supervision and control of the Board of Directors; provided, that the Election Committee shall handle all the elections of directors and committee members and other officers.

The affirmative and negative votes cast by the members of each Chapter on a specific subject shall be consolidated by the Board of the Directors and the Chapter representatives in a special meeting which shall be held within fifteen (15) days after all chapters shall have conducted their respective assembly meetings.

If the consolidated affirmatives votes on a specific subject reflects the majority votes of all the members entitled to vote, the same shall be considered a valid cooperative act; otherwise, the said subject is deemed disapproved by the general assembly.

In the event that a Chapter failed to acquire a quorum, the Board of Directors shall reset another assembly meeting which shall not be later than 30 days and may adopt such reasonable measures to ensure attendance.

Section 24. *Voting system.* Only members entitled to vote shall be qualified to participate and vote in any general assembly meeting. A member is entitled to one vote only regardless of the number of shares he owned.

Election or removal of Directors and Committee members shall be by secret ballot. Action on all matters shall be in any manner that will truly and correctly reflect the will of the membership. No proxy and/or cumulative voting shall be allowed.

ARTICLE IV  
Board of Directors

Section 25. *Composition of the Board of Directors.* The conduct and management of the affairs of the Cooperative shall be vested in the Board of Directors which shall be composed of \_\_\_\_\_ members. *[The minimum is 5 and maximum is 15.]*

Section 26. *Qualifications.* No member shall be elected as a member of the Board of Directors or any committee unless he is a member entitled to vote and has the following qualifications:

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_
- e) \_\_\_\_\_

Section 27. *Disqualifications.* Any member who is under any of the following circumstances shall be disqualified to be elected as a member of the Board of Directors or any committee, or to continue as such:

- a) Holding any elective position in the government, except that of barangay officials;
- b) Having served as director of the Cooperative for three (3) consecutive terms;
- c) Having direct or indirect personal interest with the business of the Cooperative;
- d) Having been absent for three (3) consecutive regular meetings without reasonable cause;
- e) Being an official or employee of the Cooperative Development Authority; and
- f) Having been disqualified by law.

Section 28. *Election of Directors.* The members of the Board of Directors shall be elected by secret ballot by members entitled to vote during the annual regular general assembly meeting. Unless earlier removed for cause, or have resigned or become incapacitated, they shall hold office for a term of two (2) years or until their successors shall have been elected and qualified; Provided, that one-half plus one of the elected directors obtaining the highest number of votes during the first election after registration shall serve for two (2) years, and the remaining directors for one year. Thereafter, all directors shall be elected for a term of two (2) years; Provided further that no director shall serve for more than three (3) consecutive terms. The term of the incorporating directors shall expire upon the election of their successors in the first regular general assembly after registration.

Section 29. *Election of Officers.* The Board of Directors shall convene within ten (10) days after the regular general assembly meeting to elect by secret ballot from among themselves the Chairman and the Vice-Chairman and to appoint or elect the Secretary and Treasurer from outside of the Board. The elected/appointed officers shall hold office for a term of two (2) years or until their successors shall have been elected/appointed and actually assumed the functions of their positions. No two (2) or more persons with relationships up to the third civil degree of consanguinity or affinity shall hold any elective or appointive position in the same Board or Committee.

Section 30. *Meeting of the Directors.* The regular meeting of the Board of Directors shall be held at least once a month. However, the Chairman or, in his absence, the Vice-Chairman, or majority of the directors may at any time call a special Board meeting to consider urgent matters. The call shall be addressed and delivered to the Secretary stating the date, time and place of such meeting and the matters to be considered. Notice of regular or special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing to each director at least five (5) days before such meeting.

Majority of the total number of directors constitutes a quorum to transact business. Any decision or action taken by the majority members of the Board of Directors in a meeting duly assembled shall be a valid Cooperative act.

Section 31. *Vacancies.* Any vacancy occurring in the Board of Directors by reason of death, incapacity, removal or resignation may be filled by a majority vote of the remaining directors, if still constituting a quorum; otherwise, such vacancy shall be filled by the general assembly in a regular or special meeting called for the purpose. The elected director shall serve only for the unexpired term of his predecessor in office.

In the event that the general assembly failed to muster a quorum to fill the positions vacated by directors whose term have expired and said directors refuse to continue their functions on a hold-over capacity, the remaining members of the Board together with the members of the Audit Committee shall designate, from the qualified regular members of the general assembly, their replacements who shall serve as such until their successors shall have been elected and qualified in a regular or special general assembly meeting called for the purpose.

If a vacancy occurs in any elective committee it shall be filled by the remaining members of the said committee, if still constituting a quorum; otherwise, the Board, in its discretion, may appoint or hold a special election to fill such vacancy.

Section 32. *Removal of Directors and Committee Members.* Any director or committee member elected by the general assembly may be removed from office for cause by a vote of at least two-thirds (2/3) of the members entitled to vote present and constituting a quorum in a regular or special general assembly meeting called for the purpose after having been given the opportunity to be heard.

An officer elected or appointed by the Board of Directors or any committee may be removed from office for cause by a majority vote of all the members of the Board or Committee as the case may be.

Section 33. *Powers and Duties of the Board.* The Board of Directors shall direct, control and supervise the business, manage the property of the Cooperative and may, by resolution, exercise all such powers of the Cooperative as are not reserved for the general assembly under this By-laws and the Cooperative Code of the Philippines.

ARTICLE V  
Committees

Section 34. *Audit Committee.* An Audit Committee is hereby created and shall be composed of \_\_\_\_\_ members to be elected during a general assembly meeting and shall hold office for a term of two (2) years or until their successors shall have been elected and qualified. Within ten (10) days after their election, they shall elect from among themselves a Chairman, Vice-Chairman and a Secretary. No member of the committee shall hold any other position within the Cooperative during his term of office. The Committee shall provide internal audit service, maintain a complete record of its examination and inventory, and submit an audited financial report quarterly or as may be required by the Board and the general assembly. *(Note: at least 3 members)*

Section 35. *Election Committee.* An Election Committee is hereby created and shall be composed of \_\_\_\_\_ members to be elected during a general assembly meeting and shall hold office for a term of two (2) years or until their successors shall have been elected and qualified. Within ten (10) days after their election they shall elect from among themselves a Chairman, Vice-Chairman and a Secretary. No member of the committee shall hold any other position within the Cooperative during his term of office. *(At least 3 members)*

The Committee shall promulgate rules and regulations which shall govern the conduct of elections; pass upon the qualifications of candidates; supervise the conduct of elections, canvass and certify in writing the returns; proclaim the winning candidates; and hear and decide all election protests. Election protests filed by the members of the Election Committee shall be decided by the Board of Directors.

The decision of the Election Committee is appealable to the Board of Directors within 15 days from receipt thereof who shall decide the case within thirty (30) days after receipt of the records of the case. The decision of the Board is likewise appealable to the Cooperative Development Authority within 15 days from receipt of said decision. At the option of any of the parties, however, the case may be submitted for arbitration to a special board composed of three (3) persons, one of whom shall come from the Cooperative Development Authority and the two (2) to be nominated by each of the parties concerned.

Section 36. *Education and Training Committee.* An Education and Training Committee is hereby created and shall be composed of \_\_\_\_\_ members to be appointed by the Board of Directors and shall serve for a term of two (2) years, without prejudice to their reappointment. Except for the Vice-Chairman, no member of the Committee shall hold any other position within the Cooperative during his term of office. (*At least 3 members*)

The committee shall be responsible for the planning and implementation of the information, educational and human resource development programs of the Cooperative for its members, officers and the communities within its area of operation.

Section 37. *Conciliation Committee.* A Conciliation Committee is hereby created and shall be composed of \_\_\_\_\_ members to be elected during a regular general assembly meeting. Within 10 days after their election, they shall elect from among themselves a Chairman, Vice-Chairman and a Secretary who shall serve for a term of two (2) years or until their successors shall have been elected and qualified. No member of the Committee shall hold any other position in the Cooperative during his term of office. (*At least 3 members*)

The Conciliation Committee shall have the following powers and functions:

1. To conciliate, hear and decide all intra-cooperative disputes between and/or among members, officers, directors and the community.
2. Subject to the approval of the general assembly, to issue supplemental rules and procedures concerning conciliation processes as may be deemed necessary; and
3. To exercise such other powers as may be necessary to ensure speedy, just, equitable and inexpensive settlement of disputes within the Cooperative.

Section 38. *Other Committees.* By a majority vote of all its members, the Board of Directors may form such other committees as may be deemed necessary for the smooth operation of the Cooperative.

## ARTICLE VI Officers of the Cooperative

Section 39. *Officers and their Duties.* The cooperative shall have a Chairman, Vice-Chairman, Treasurer and a Secretary who shall serve according to the functions of their respective offices as follows:

Chairman - The Chairman shall: a) Preside over all meetings of the Cooperative and of the Board of Directors;

- b) Sign all share certificates, revolving fund certificates, contracts and other instruments or papers essential to the operations of the Cooperative; and
- c) Perform such other necessary functions, subject to the restrictions which may be imposed by the Board of Directors or the general assembly.

Vice-Chairman - In the absence or incapacity of the Chairman, the Vice-Chairman shall discharge the duties and responsibilities of the Chairman; provided, however, that in case of death, resignation, removal or permanent incapacity of the Chairman, the Board of Directors may elect a new Chairman. The Vice-Chairman of the Board shall serve as ex-officio chairman of the Education and Training Committee.

Treasurer - The Treasurer shall: a) Take custody of all monies, securities and papers acquired by the Cooperative, and maintain a complete records of all its transactions;

- b) Keep a complete record of its cash transactions for the establishment of proof of his cash position at any given time and date;
- c) Pay all financial obligations incurred by the Cooperative as approved by the Manager and/or Board of Directors;
- d) Render report and certify the correctness of the cash position of the Cooperative in all financial statements and other reports submitted to the Board of Directors, the general assembly and the Cooperative Development Authority;
- e) Turn over to his successor all monies, securities, papers, books and other properties belonging to the Cooperative in his possession upon the expiration/termination of his term of office;
- f) Act as Secretary in case of the latter's absence or incapacity to perform his duties; and
- g) Perform such other duties as the Board of Directors may prescribe.

Secretary - The Secretary shall: a) Keep and maintain a complete registry of all members and records/minutes of all meetings of the Board of Directors and the General Assembly;

- b) Give notice of all meetings called;
- c) Keep and maintain the Share and Transfer book and serve as the custodian of the corporate seal of the Cooperative;
- d) Turn over to his successor all books, records and other properties belonging to the Cooperative in his possession upon the expiration/termination of his term of office; and
- e) Act as Treasurer in case of the latter's absence or inability to perform his duties; and perform such other duties as the Board of Directors may prescribe.

Section 40. *Liabilities of Directors, Officers and Committee Members.* Directors, officers and committee members, who willfully and knowingly vote for or assent to patently unlawful acts, or who are guilty of gross negligence or bad faith in directing the affairs of the Cooperative or acquire any personal or pecuniary interest in conflict with their duties as directors, officers or committee members shall be liable jointly and severally for all damages resulting therefrom to the Cooperative, members and other persons.

When a director, officer or committee member attempts to acquire or acquires, in violation of his duties, any interest or equity adverse to the Cooperative in respect to any matter which has been reposed in him in confidence, he shall, as a trustee for the Cooperative, be liable for damages or loss of profits which otherwise would have accrued to the Cooperative.

Section 41. *Management Staff.* The Board of Directors shall appoint the members of the Management Staff, fix their compensation and tenure of office.

Section 42. *The General Manager.* No person shall be appointed to the position of general manager unless he possesses the following qualifications and none of the disqualifications herein enumerated:

- a) He must be familiar with the business operation of the Cooperative;
- b) He must have at least two (2) years experience in the operations of Cooperative or related business;
- c) He must not be engaged directly or indirectly in any activity similar to the business of the Cooperative;
- d) He must not have been convicted of any administrative, civil or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- e) He must not be addicted to any form of gambling or immoral or vicious habits;
- f) At the time of his appointment he must have no pending administrative, civil or criminal case involving financial and/or property accountabilities; and
- g) He must be willing to undergo pre-service and/or in-service trainings.

Section 43. *Duties of the General Manager.* The General Manager shall:

- a) Have general charge of all the phases of the business operations of the Cooperative, subject to the policies and guidelines set by the Board of Directors and the General Assembly.
- b) Maintain records and accounts of the Cooperative in such manner that the true condition of its business may be ascertained therefrom at any time.
- c) Render reports monthly, annually or as may be required by the Board of Directors or the general assembly, and preserve the books, documents, correspondence and records of whatever nature concerning the operations of the Cooperative which may come into his possession;
- d) Subject to the policies set by the Board of Directors, employ, supervise and/or dismiss any agent or employee in the management force; and
- e) Perform such other duties as the Board of Directors may prescribe and turn over to his successor all properties belonging to the Cooperative in his possession or over which he has control upon the expiration/termination of his services.

Section 44. *Accountant/Bookkeeper.* No person shall be appointed to the position of accountant/bookkeeper unless he possesses the following qualifications and none of the disqualifications herein enumerated:

- a) He must be knowledgeable in accounting and bookkeeping and must have at least two (2) years experience in Cooperative or related business;
- b) He must not be engaged directly or indirectly in any activity similar to the business of the Cooperative;
- c) He must not be convicted of any administrative, civil or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- d) He must not be addicted to any form of gambling or immoral or vicious habits;
- e) He must be willing to undergo pre-service and/or in-service trainings in accounting; and
- f) At the time of his appointment, he must have no pending administrative, civil or criminal case involving financial and/or property accountabilities.

Section 45. *Duties of the Accountant.* The Accountant of the Cooperative, who shall be under the supervision and control of the General Manager shall:

- a) Install an adequate and effective accounting system within the Cooperative;
- b) Render reports on the financial condition and operations of the Cooperative monthly, annually or as may be required by the Board of Directors and/or the general assembly;
- c) Provide assistance to the Board of Directors in the preparation of annual budget;
- d) Keep, maintain and preserve all books of accounts, documents, vouchers, contracts and other records concerning the business of the Cooperative and make them available for auditing purposes to the Chairman of the Audit Committee; and
- e) Perform such other duties as the Board of Directors may require.

Section 46. *Compensation.* Subject to the approval of the general assembly, the members of the Board and Committees may, in addition to per diems for actual attendance to board and committee meetings, and reimbursement of actual and necessary expenses while performing functions in behalf of the Cooperative, be given regular compensation; Provided, that no additional compensation other than the per diems shall be paid during the first year of existence of the Cooperative.

## ARTICLE VII Capital Structure

Section 47. *Source of Funds.* The Cooperative may derive its funds from any or all of the following sources:

- a) Member's share capital contribution, common and/or preferred;
- b) Revolving capital build-up which consist of the deferred payment of patronage refund or interest on share capital;
- c) Loans and borrowings including deposits;
- d) Subsidies, grants, legacies, aids, donations and such other assistance from any local or foreign institution, public or private;
- e) Retentions from the proceeds of services/goods procured by members; and
- f) Other sources of funds as may be authorized by law.

Section 48. *Continuous capital build-up.* Every member shall have invest in any or all of the following:

- a) At least \_\_\_\_\_ percent of his (daily, weekly, monthly, quarterly, yearly) income;

- b) At least \_\_\_\_\_ percent of his annual interest on capital and patronage refund; and
- c) At least \_\_\_\_\_ percent of each good/service acquired by him.

Section 49. *Borrowing.* The Board of Directors, upon approval of the General Assembly, may borrow money from any source, local or foreign, under such terms and conditions that best serve the interest of the Cooperative.

Section 50. *Revolving Capital.* To strengthen the capital structure of the Cooperative, the general assembly may authorize the Board of Directors to raise a revolving capital by deferring the payment of patronage refunds and interest on share capital, or such other schemes as may be legally adopted. To implement this provision, the Board of Directors shall issue a Revolving Capital Certificate with serial number, name, rate of interest, date of retirement and such other rights and privileges or restrictions as may be deemed just and equitable.

Section 51. *Retentions.* The general assembly may authorize the Board of Directors to raise additional capital by deducting a certain percent on a per unit basis from the proceeds of services and/or goods procured by members.

Section 52. *Share Capital Contribution.* Share Capital Contribution refers to the unit of capital stated in the Common and/or Preferred shares issued by the Cooperative in accordance with its Articles of Cooperation, subscribed and paid for by a member.

Common shares shall be issued only to regular members. Preferred shares, on the other hand, may be issued to regular or associate members with such rights, privileges, or restrictions as may be provided by the Board of Directors, subject to the approval of the General Assembly.

Share Capital Certificate. The Board of Directors shall issue a Share Capital Certificate only to a member who has fully paid his subscription. The certificate shall be serially numbered and contain the shareholder's name, the number of shares owned, the par value, and duly signed by the Chairman and the Secretary, and bearing the official seal of the Cooperative. All certificates issued and/or transferred shall be registered in the Cooperative's Share and Transfer book.

The shares may be purchased, owned or held only by persons who are eligible for membership. Subject to existing government rules or laws, interest shall be paid only to paid-up shares which may be in cash; or credited as payment of unpaid subscriptions, outstanding accounts, or additional shares; or to the revolving fund of the Cooperative.

Section 53. *Transfer of Shares.* The Cooperative shall have the first option to buy any share offered for sale. The amount to be paid for such shares shall be the par value or book value, whichever is lower.

If the Cooperative is not in a position or refuses to purchase such shares, the member shall have the right to sell them to any person eligible for membership in the Cooperative. No member may transfer his shares or interests in the Cooperative or any part thereof, unless:

- a) He has held such shares or interest for at least one year;
- b) The transfer is made to a member of the Cooperative or to a person who falls within the field of membership of the Cooperative, and that said person is acceptable to the cooperative; and
- c) The Board has approved such transfer.

The transfer of shares shall not be binding to the Cooperative until such transfer has been registered in the share and transfer book. No transfer shall be completed until the old certificates shall have been endorsed and surrendered to the Cooperative and a new certificate is issued in the name of the member-transferee. If the last transferee, is not a member but qualified to be a member, he shall be required to pay the membership fee and a transfer fee of P \_\_\_\_\_.

In case of lost or destroyed share certificate, the Board of Directors may issue a replacement after the owner thereof has executed a sworn affidavit in triplicate, setting forth the following:

- a) Circumstances as to how, when and where said certificate was lost or destroyed;
- b) The serial number of the certificate; and the number of shares it represents; and
- c) The lost or destroyed certificate has never been transferred, sold or endorsed to any third party, and that should the same be found, the owner shall surrender it to the Cooperative. Any false representation or statement made in the aforesaid affidavit shall be a ground for expulsion from the Cooperative.

#### ARTICLE VIII Operations

Section 54. *Primary Consideration.* Adhering to the principle of service over and above profit, the Cooperative shall endeavour to:

- a) Formulate and implement program strategies that will provide its members and the communities within its area of operation needed goods/services; control a significant segment of the retail industry and stabilize the prices of basic commodities;
- b) Adopt and implement plans and programs which ensures the continued build-up of the Cooperative's capital structure with the end view establishing other needed services for the members and the public;
- c) \_\_\_\_\_  
\_\_\_\_\_;
- d) \_\_\_\_\_  
\_\_\_\_\_;
- e) \_\_\_\_\_  
\_\_\_\_\_.

*(Please state specific business activities consistent with the primary purpose stated in the Article of Cooperation,*

#### ARTICLE IX Allocation and Distribution of Net Surplus

Section 55. At the end of each fiscal year, the Cooperative shall allocate and distribute its net surplus as follows:

- A. Reserve Fund. \_\_\_\_\_ percent shall be set aside for Reserve Fund subject to the following rules: *(minimum is 10% of net surplus)*

- a) The reserve fund shall be used for the stability of the Cooperative and to meet net losses in its operations. The general assembly may decrease the amount allocated to the reserve fund when it has already exceeded the authorized share capital. Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.
  - b) The reserve fund shall not be utilized for investment, other than those allowed in the Cooperative Code. Such sum of the reserve fund in excess of the authorized share capital may be used at anytime for any project that would expand the operations of the Cooperative upon the resolution of the general assembly.
  - c) Upon the dissolution of the Cooperative, the reserve fund shall not be distributed among the members. However, the general assembly may resolve:
    - 1. To establish usufructuary fund for the benefit of any federation or union to which the Cooperative is affiliated; or
    - 2. To donate, contribute, or otherwise dispose of the amount for the benefit of the community where the Cooperative operates. If the members could not decide on the disposition of the reserve fund, the same shall be given to the federation or union to which the Cooperative is affiliated or operating within the Cooperative's area of operation.
- B. Education and Training Fund. \_\_\_\_\_ percent shall be set aside for Education and Training Fund. (*maximum is 10% of net surplus*)
- a) Half of the amount allocated to the education and training fund annually under this subsection may be spent by the Cooperative for education training and other purposes; while the other half shall be credited to the cooperative education and training fund of the apex organization of which the Cooperative is a member.
  - b) Upon the dissolution of the Cooperative, the unexpended balance of the education and training fund pertaining to the Cooperative shall be credited to the cooperative education and training fund of the above mentioned apex organization.
- C. Optional Fund. \_\_\_\_\_ percent shall be set aside for Optional Fund for land and building fund, community development, etc. (*maximum is 10% of net surplus*)
- D. Interest on Share Capital and Patronage Refund. The remaining net surplus shall be made available to the members in the form of interest on share capital not to exceed the normal rate of return on investments prescribed by law, and patronage refunds. The sum allocated for patronage refund shall be made available at the same rate to all patrons of the Cooperative in proportion to their individual patronage, subject to the following rules:
- a) The patronage refund of a member with fully paid share capital shall be paid to him in cash or at this option be credited to his account as additional share capital;
  - b) The patronage refund of a member with unpaid share capital subscription shall be credited to his account as payment of his unpaid subscriptions until the same shall have been fully paid;
  - c) For non-member patrons, their proportionate patronage refunds shall be set aside in a general fund created for the purpose. Their individual patronage refund shall be credited to their respective names only upon request and presentation of evidence of the amount of his patronage. When the amount so accumulated under his name within a period of \_\_\_\_\_ years equals the minimum share capital contribution for membership and he is qualified and willing to comply with the requirements for membership, said non-member patron shall be considered member of the Cooperative upon payment of membership fee.
  - d) If within the period specified in the preceeding paragraph, any non-member patron who has accumulated the sum necessary for membership, but refuses or fails to qualify for membership, the amount so accumulated in his account together with any part of the general fund for non-member patrons shall be credited to the reserve fund or to the education and training fund of the cooperative, at the option of the general assembly.

#### ARTICLE X Settlement of Disputes

Section 56. *Conciliation Procedures.* As far as practicable, all intra-cooperative disputes shall be settled within the Cooperative. If amicable settlement is not feasible, unless modified or amended by the general assembly, the following rules and procedures shall govern all conciliation processes within the Cooperative:

1. Parties to a complaint. The party who files a complaint shall be called the Complainant and the party being charged shall be called the Respondent.
2. Who may file a complaint. Any member who has a cause of action against any member, officer or member of any Committee, or of the Board of Directors shall file a written complaint, in any form and in such numbers as there are respondents, to the Secretary of the Conciliation Committee, stating the following:
  - a) Name, address, position in Cooperative and status of membership of the complainant and the respondent/s, if known;
  - b) Brief statement of facts and circumstances which caused the commission or omission of the act complained of;
  - c) Rights violated and evidence or testimony of witnesses; and
  - d) Prayer which shall state the relief sought and such other relief as may be deemed just and equitable.
3. Baseless complaints. Within seven (7) days from receipt of the complaint, the Committee shall determine the merit of the complaint. If upon its sound discretion, the complaint is found to be baseless or without merit, it may outrightly dismiss the same and inform in writing the complainant, expressly stating the legal and factual basis of its decision.
4. Valid cause of action. If the complaint states a valid cause of action, the Committee shall forthwith inform in writing the respondent/s, providing him a copy of the complaint, and directing him to submit his answer within ten (10) days from receipt thereof. The Committee Chairman may, upon written request by the respondent, extend the period within which to file his answer provided that it shall not exceed ten (10) days.
5. Withdrawal of complaint. At any time before judgment, the Complainant may, in writing, withdraw his complaint or enter into a compromise agreement and the case shall be considered dismissed or settled, as the case may be.
6. Answer. In his answer, the respondent shall specifically admit or deny, or deny only a part of any averment in the complaint. He shall set forth the substance of the matters upon which he relies to support his denial. If he denies only a part of the averment, he shall specify so much of it as it is true and deny the remainder. He may also state that he had no sufficient knowledge as to the truth of a certain matter alleged in the complaint and this shall have the effect of denial. Any averment in the complaint not specifically denied shall be deemed admitted.
7. Preliminary conference. Within seven (7) days upon receipt of the answer, the Committee shall set a preliminary conference whereby only the parties are invited for possible amicable settlement. If no settlement is made, the Chairman may, at his discretion or upon request of either party, set another conference which shall not be later than ten (10) days. Any party may waive his right to a preliminary

conference and instead move in writing for a formal hearing. In which case, the Chairman shall set a date, time and place of hearing and the Secretary shall notify in writing the parties at least three days before the date fixed.

8. Manner of hearing. The Committee may adopt any manner of hearing that best serve the purpose of resolving the dispute objectively, fairly and amicably. The Committee shall always exert all possible efforts to settle the disputes or encourage the parties to enter into a compromise agreement. The Committee may schedule a series of hearings until the parties shall have completed the presentation of their respective evidence. After which, it shall decide the case within 15 days from the date of the last hearing, categorically stating the legal and factual basis of its decision.

9. Appeal to the Board of Directors. Any party to a controversy may appeal to the Board of Directors within 15 days from receipt of a copy of the decision. After the period to appeal, the decision of the committee shall become final and executory and can no longer be reopened, except when the appealing party can show proof that the decision is patently erroneous or obtained through Fraud, Accident, Mistake and Excusable negligence, or the Committee has committed grave abuse of discretion.

10. Decision of the Board. Within 30 days from receipt of the records of the case, the Board of Directors, constituting a quorum, shall review and decide the case, specifically stating the reasons and basis of its decision. The parties may be summoned to appear before the Board of Directors to clarify certain matters, or to submit additional evidence.

11. Appeal to the General Assembly. The decision of the Board of Directors may be appealed to the general assembly whose decision shall be final, save those reserved to the adjudicatory powers of the Cooperative Development Authority as provided under the Cooperative Code of the Philippines and other existing rules and laws.

Section 57. *Disputes Involving Members of the Conciliation Committee and Board of Directors.* If one of the parties to a controversy is a member of the Conciliation Committee, the chairman shall endorse the case to the Board of Directors who shall resolve the case following the procedures prescribed in the preceding section.

If one or both parties are members of the Board of Directors and the Conciliation Committee, the Chairman of the Committee shall communicate in writing such fact to the Chairman of the Board of Directors who shall forthwith call a special board meeting to form a five-man Special Conciliation Committee, consisting of the heads of Audit and Election Committees, the Secretary and one representative of each party. The special committee shall convene immediately and after electing from among themselves the Chairman, Vice-Chairman and the Secretary, proceed to resolve the case in accordance with the procedures prescribed in the preceding section. The committee shall automatically cease to exist upon the final resolution of the controversy.

ARTICLE XI  
Miscellaneous

Section 58. *Investment of Capital.* The Cooperative may invest its capital in any or all of the following:

- a) Shares or debentures or securities of any other cooperative;
- b) Cooperative bank or any reputable bank in the locality;
- c) Securities issued or guaranteed by Government; and/or
- d) Estate primarily for the use of the Cooperative or its members; or
- e) In any other manner approved by the general assembly.

Section 59. *Accounting System.* The Cooperative shall keep, maintain and preserve all its books of accounts and other financial records in accordance with generally accepted accounting principles and practices, applied consistently from year to year, and subject to existing rules and laws.

Section 60. *External Audit.* At least once a year, the Board of Directors shall in consultation with the Audit Committee, cause the audit of the books of accounts of the Cooperative by an independent Certified Public Accountant.

Section 61. *Annual Report.* During the annual regular general assembly meeting, the Cooperative shall submit a report of its operations to the general assembly together with the audited financial statements. The annual report shall be certified by the Chairman, Treasurer, Manager and other responsible officers of the Cooperative as true and correct in all aspects to the best of their knowledge. And the audited financial statements shall be certified by an independent Certified Public Accountant. Copy of the annual report and audited financial statements shall be submitted to the Cooperative Development Authority within 60 days from the end of every fiscal year.

ARTICLE XII  
Amendments

Section 62. *Amendments.* Amendments to the Articles of Cooperation and this By-laws may be adopted by at least two-thirds (2/3) votes of all members entitled to vote at any regular or special general assembly called for the purpose without prejudice to the rights of dissenting members to withdraw their membership under the provisions of the Cooperative Code of the Philippines.

The amendment/s shall take effect upon receipt by the Cooperative of the Certificate of Registration of Amendments issued by the Cooperative Development Authority.

Voted and adopted this \_\_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, Philippines.

NAME AND SIGNATURE OF MEMBERS

PRINTED NAME

SIGNATURE

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(Director)