



Department of Education  
Region III  
DIVISION OF CITY SCHOOLS



Jesus Street, Pulungbulu, Angeles City  
Tel. No. (045) 322-5722/Fax Nos. (045) 322-4702; 887-6099

RELEASED

January 30, 2017

Division Memorandum


No. 39 s. 2017

JAN 30 2017  
By \_\_\_\_\_  
DepED Angeles City  
Division Office

**DIVISION MEETING OF SCHOOL HEADS AND CANTEEN MANAGERS CUM  
TEACHERS' COOPERATIVE BENCHMARKING**

To: Elementary, Secondary and Integrated School Heads  
Canteen Managers

1. Please be informed that Division Canteen Coordinator shall hold a meeting at Angeles City National High School, Pampang, Angeles City on February 7, 2017 at 1:00 p.m..
2. Agenda of the meeting:
  - 2.1 Presentation of Best Practices of Teachers' Cooperative in Angeles City National High School.
  - 2.2 Preparation and submission of Financial Statement as directed by the COA.
  - 2.3 Other matters
3. Participants to this meeting are:
  - 3.1 School Heads
  - 3.2 Canteen Managers
4. There will be a registration fee of P ~~75.00~~<sup>85.00</sup> to cover snacks and other expenses incurred during this meeting which will be charged against canteen funds subject to usual accounting and auditing rules and regulations.
5. Enclosures to this memorandum are sample of template in MOA, By-Laws and Articles of Cooperation that need to be printed and brought on the meeting.
6. Attendance to all concerned is a must.
7. Immediate and wide dissemination to this Memorandum is desired.

  
LEILANI S. CUNANAN, CESO VI  
Officer-in-Charge  
Office of the Schools Division Superintendent



### COOPERATIVE NAME RESERVATION REQUEST FORM (CNRRF)

**Instructions:**

1. Please provide all applicable information legibly.
2. Provide a maximum of 3 preferred cooperative names. Do not use special characters in the preferred cooperative names(e.g. \*, /, ', @, etc.)
3. Limit each preferred name to a maximum of 100 characters including acronym, if any.

**1. Proposed Name**

Preference 1 \_\_\_\_\_

Preference 2 \_\_\_\_\_

Preference 3 \_\_\_\_\_

**2. Please check appropriate box.** Reservation (30 days) Reservation (60 days) Reservation (90 days) Extension of 30 days from expiry of reservation Re-issuance of Name Reservation Slip / Notice(CNRN)**3. Former Name (applicable only to existing registered cooperatives intending to change coop name)**

\_\_\_\_\_

**4. Proposed Nature of Business** \_\_\_\_\_**5. Proposed Principal Office Address** \_\_\_\_\_**6. Name of Applicant:** \_\_\_\_\_**7. Complete Address of Applicant:** \_\_\_\_\_**8. Telephone/Cellphone/Fax Numbers:** \_\_\_\_\_**9. Email address, if any.** \_\_\_\_\_**10. Signature:** \_\_\_\_\_

Name &amp; Signature of attending CDA Staff:

\_\_\_\_\_  
\_\_\_\_\_

Date &amp; Time: \_\_\_\_\_

Comment \_\_\_\_\_  
\_\_\_\_\_Re-issuance of Cooperative Name Reservation Notice (CNRN) -

Proposed name verified but the CNRN was lost w/in the reservation period

Extension of reservation period -

Modification of reservation period to 30 days from expiration of the original reservation.

Others Other transactions not stated above

Reminder : You are given five (5) days to submit the original copy and the required fee in case CNRRF is submitted through fax.

## **Guide to Fill-up the Cooperative Model of Articles of Cooperation and By-laws**

### **A. ARTICLES OF COOPERATION**

1. Write the complete name of the cooperative as indicated in the approved Name Reservation Slip/Notice on the space provided after the phrase “Articles of Cooperation of” and, on the space in Article I “Name of Cooperative”.

*Article II. Type and Purpose/s* – Indicate the type of cooperative in accordance with Article 23 (1) of RA 9520 and enumerate the specific business/service to be undertaken by the cooperative. If applicable, allied/related undertakings should be specified. These undertakings are necessary and incidental to the specific business/service of the cooperative. Note: Add additional blanks if necessary.

2. *Article V. Term of Existence* – Fill up the blank with words and the parenthesis *with* numeric value of the desired period, which should not exceed fifty (50) years.

3. *Article VI. Common Bond of Membership*

Indicate only one (1) bond of membership on the 1<sup>st</sup> blank as enumerated below:

- *Residential*, members working and/or residing in the same place
- *Institutional*, members consist of employees, workers and/or officers of a particular institution
- *Associational*, members come from a registered and/or recognized association, group, club, fraternity, and other similar aggrupation. Recognized association means legitimate aggrupation of persons which is publicly known in a particular community and able to present certification from applicable government entity.
- *Occupational*, members come from same or allied profession or occupation

In case the common bond of membership is *associational* or *institutional*, the specific coverage of the association or institution must be indicated with certainty to ensure that the proposed cooperative shall recruit members only from the association or institution with identified area of operation. For 2<sup>nd</sup> space, indicate specific membership in the example below.

On 2<sup>nd</sup> blank, the cooperative should indicate further to delimit their common bond of membership by specifying the appropriate field of membership.

**Example**, *A Homeowners association within Blue Ridge Subdivision in Quezon City cannot recruit members beyond such subdivision. Also, the CDA Central Office Employees Cooperative cannot recruit members from CDA Extension Offices' Employees.*

4. *Article VII. Area of Operation* - Indicate in the first blank the place where the cooperative shall recruit members. Fill up the second blank with complete principal/head office address of the proposed coop indicating the number/unit/floor, street, barangay, city/municipality, district, province, and zip code. The principal office shall be within the area of operation.
5. *Article VIII. Names and Addresses of Cooperators* - Fill-up the complete names and postal addresses of all cooperators.

6. *Article IX. Board of Directors*

- a. Fill-up the number of board of directors the minimum of which is five (5) but not more than fifteen (15). It is recommended to prescribe odd number in determining the number of member of the board of directors.
- b. Enumerate the names of the elected board of directors

7. *Article X. Capitalization*

- a. Indicate in the first blank (in words and figure) the total authorized capital as prescribed by the cooperative.
- b. Indicate in the second blank (in words and figure) the total number of shares
- c. Indicate the amount of par value (in words and figure) of each share. The par value of a share capital should not be more than One Thousand Pesos (Php 1,000.00). The par value shall be divisible by one peso (Php1.00). In case the cooperative opt to offer preferred share capital the wordings of Article X shall be as follows:

*“Article X  
Capitalization*

*That the Authorized Share Capital of this Cooperative is \_\_\_\_\_ PESOS*

*(Php \_\_\_\_\_), divided into:*

*a) \_\_\_\_\_ (\_\_\_\_\_) common shares with a par value of \_\_\_\_\_ (Php \_\_\_\_\_) per share; and*

*b) \_\_\_\_\_ (\_\_\_\_\_) preferred shares with a par value of \_\_\_\_\_ (Php \_\_\_\_\_) per share.”*

- d. When Preferred Shares is prescribed in the articles of cooperation, a corresponding provision on associate membership shall be provided in the by-laws.

8. *Article XI. Subscribed and Paid-up Share Capital*

- a. Indicate in the first blank (in words and figure) the amount of total subscribed capital which should not be less than twenty five percent (25%) of the authorized capital
- b. Indicate in the second blank (in words and figure) the amount of total paid-up capital which should not be less than twenty five percent (25%) of the total subscribed share capital

The schedule of subscribed and paid-up capital of cooperative with preferred share capital shall be as follows:

**ARTICLE XI**

***Subscribed and Paid-up Share Capital***

*That \_\_\_\_\_ the \_\_\_\_\_ amount \_\_\_\_\_ of \_\_\_\_\_ (Php \_\_\_\_\_) of the authorized share capital has been subscribed, and \_\_\_\_\_ (Php \_\_\_\_\_) of the total subscription has been paid, by the following members-subscribers:*

*A. Common Share Capital Subscribers*

<i>Names</i>	<i>No. of Subscribed Shares</i>	<i>Amount of Subscribed Shares</i>	<i>No. of Paid-up Shares</i>	<i>Amount of Paid-up Shares</i>

B. Preferred Share Capital Subscribers:

<i>Names</i>	<i>No. of Subscribed Shares</i>	<i>Amount of Subscribed Shares</i>	<i>No. of Paid-up Shares</i>	<i>Amount of Paid-up Shares</i>

9. *Certification Clause* - The name of the elected treasurer shall be indicated in the first blank. Also, specify the date, month, year, and place of execution of the articles. The list of cooperators with their corresponding signature must likewise be completely provided. In case of amendment by substitution, the Treasurer may be appointed.
10. *Witnesses* - two credible witnesses neither of whom is privy to the document in the spaces provided indicating their printed name and signature to attest in the execution of the articles.
11. *Acknowledgment*- Just fill up the matrix with required information. Other blanks shall be accomplished by the notary public.

**General Instruction:** The Articles of Cooperation being a contract between the cooperative and the Authority, the following must be observed:

1. All organizers(cooperators) must affix their signatures on the margin of each and every page thereof except the page where the names and signatures of cooperators are provided;
  2. All four (4) copies of the articles of cooperation to be submitted to CDA shall bear original signatures;
  3. No photocopy of documents shall be accepted;
  4. The paper must be in 8.5”x 13” or 8.5”x 14” and the font type and size is Bookman Old Style 12;
  5. Four (4) copies of documents must be submitted in separate folders; and
  6. The use of metallic objects in fastening the documents is not allowed.
- Proof of Identity in the acknowledgment portion shall refer to any competent evidence of identification or document for identification as determined by notary public. Competent evidence of identity shall refer to: a) at least one current identification document issued by an official agency bearing the photograph and signature of the individual; or b) the oath or affirmation of one credible witness not privy to the instrument or transaction who is personally known to the notary public and personally knows the individual, or of two credible witnesses neither of whom is privy to the document or transaction who each personally knows the individual and shows to the notary public documentary identification.

**B. TREASURER’S AFFIDAVIT**

1. Indicate the complete name of the treasurer, name of cooperative, capitalization which must tally with the figures provided in the articles of cooperation and total membership fees received;
2. The Treasurer should indicate the date, place of execution and affix his/her signature in the document; *and*
3. The *jurat* is to be filled-up by the notary public.

**C. BY-LAWS**

1. *Title* – The first blank should indicate the full name of the cooperative as indicated in *the approved Name Verification Slip/Reservation Notice*.
2. *Article II, Section 1* – Indicate in the space provided regular or associate or both whichever is applicable.

A *regular member* is one who has complied with all the membership requirements and entitled to all the rights and privileges of membership.

An *associate member* is one who has no right to vote nor be voted upon and shall be entitled only to such rights and privileges as the by-laws may provide.

3. *Article II, Section 2* – Indicate in the space the field of membership of the cooperative which should be consistent with the common bond as provided for in the articles of cooperation.

*Example. For residential, field of membership should be residents of Barangay 103; For institutional, field of membership should be employees of ABC Corporation; For Associational, field of membership should be members of CDE Association; and for occupational, field of membership should be merchandiser/promodiser, etc..*

It is required to prescribe additional section if the cooperative opted to have associate members in their bylaws.

4. *Article II, Section 3.d*, the blank should indicate other requirements the cooperative may deem necessary, otherwise delete the blank.
5. *Article II, Section 4*, indicate in words and number the days within which the BOD should approve or deny the application for membership in the cooperative. Likewise, indicate in the succeeding paragraph the required membership fee by stating the amount in words and in pesos.
6. *Article II, Section 6*, indicate the *number of shares* subscribed *and the corresponding number of shares* to be paid by the member upon approval of application for membership.
7. *Article II Section 7*, the cooperative may add other duties and responsibilities of a member provided it is not contrary to law, morals, public interest, etc etc.
8. *Article II Section 8*, in case the cooperative provides for associate membership, Section 8 shall have sub-section 8.1 Regular Members and sub-section 8.2. Associate Members. The following provision shall be included among others under Section 8.2 “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”.
- Article III Section 2, indicate powers to be delegated to a smaller body.
9. *Article IV - Section 1*, indicate in words and numerals the number of Board of Directors in the cooperative. The number must be consistent with the provision of the Articles.
10. *Article IV -Section 4 and Section 5*, the cooperative may provide for term limitation. If so, indicate the number of years as term limit and the consecutive terms a BOD member may be disqualified as such in running for the same office.
11. *Article V - Section 1*, indicate the *number of members* which should be at least three (3) of the Audit Committee.
12. *Article V - Section 3*, indicate the *number of members* which should be at least three (3) of the Election Committee.
13. *Article V - Section 5*, indicate the *number of members* which should be at least three (3) of the Education and Training Committee.
14. *Article V - Section 7*, indicate the *number of members* which should be at least three (3) of the Mediation and Conciliation Committee.
15. *Article V - Section 9*, indicate the *number of members* which should be at least three (3) of the Ethics Committee

*Note: Coop may also prescribe/constitute other committees peculiar to the type of coop e.g, credit committee, production, consumer, etc.*

16. Article VII - Section 2, indicate the a. *percentage and its peso value* of the monthly income, b. the *minimum percentage* in the interest on capital and patronage refund, and c. *minimum percentage of the value* of the goods/service acquired from the cooperative, will be allocated to the provision on continuous capital build-up in the cooperative.
17. Article VIII Section 1.a, indicate the primary business/services of the cooperative in accordance with the purpose stated in the articles of cooperation of the cooperative.

Proponent may also provide additional sections to indicate the *specific operational concepts and procedures* that will be undertaken by the cooperative. The same should highlight the significant terminology and framework that will be prescribed.

18. Article IX – Section 1(a-d), the cooperative shall fix the percentage allocated for all Statutory Reserves in accordance with the provision of Article 86, RA 9520.

*The second paragraph will not apply to cooperatives existing for more than five (5) years.*

19. Article XII - Indicate the *day, month, year and, place* the By-laws was executed and adopted and indicating the names and signatures of those who took part in the adoption thereof. It is suggested that the list of other adopting members must be provided in separate sheet of paper as proof majority adopted thereon.

**Note:** a. The authorized officer must initial all items with erasure or super imposition to validate changes made thereon.

b. For *new cooperative* at least majority of members including the cooperators shall sign on the certification portion. For *existing cooperative applying for amendment by substitution*, at least majority of the Board of Directors shall sign in the certification portion.

## ARTICLES OF COOPERATION

of

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### KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned duly authorized representative(s) of our respective cooperatives, all of legal age and Filipino citizens, have on this day voluntarily agreed to organize a (Secondary/Tertiary) federation of cooperatives, under the laws of the Republic of the Philippines, herein after referred to as the Federation.

AND WE HEREBY CERTIFY:

#### Article I

##### Name of the Federation

That the name of this Federation shall be \_\_\_\_\_

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#### Article II

##### Purpose(s)

That the purpose(s) for which this Federation is organized is/are to engage in:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### Article III

##### Goals

The goals of this federation are to help improve the quality of services of its affiliates and in furtherance thereto shall aim:

1. To carry on any cooperative enterprise authorized under Article 6 of RA 9520 that compliments, augments, supplements but does not conflict, compete with nor supplant the business or economic activities of its affiliates;
2. To carry on, encourage and assist educational and advisory work relating its affiliate cooperatives;
3. To render services designed to encourage simplicity, efficiency, and economy in the conduct of the business of its affiliates and to facilitate the implementation of their bookkeeping, accounting, and other systems and procedures;
4. To print, publish, and circulate any newspaper or other publication in the interest of its affiliates and enterprises;
5. To coordinate and facilitate the activities of its affiliate cooperatives;
6. To enter into joint ventures with national or international cooperatives in the manufacture and sale of products and/or services in the Philippines and abroad; and



7. To perform such other functions as may be necessary to attain its objectives.

#### **Article IV Powers and Capacities**

That the powers, rights and capacities of this Federation are those prescribed under Article 9 of Republic Act 9520.

1. To the exclusive use of its registered name;
2. To sue and be sued;
3. Of succession;
4. To amend its articles of cooperation in accordance with the provisions of RA 9520;
5. To adopt bylaws not contrary to law, morals or public policy, and to amend and repeal the same in accordance with RA 9520;
6. To purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage, and otherwise deal with such real and personal property as the transaction of the lawful affairs of the cooperative may reasonably and necessarily require, subject to the limitations prescribed by law and the Constitution;
7. To enter into division, merger, or consolidation, as provided under RA 9520;
8. To avail of loans, be entitled to credit and to accept and receive grants, donations and assistance from foreign and domestic sources subject to the conditions of said loans, credits, grants, donations or assistance that will not undermine the autonomy of the cooperative. The Authority, upon written request, shall provide necessary assistance in the documentary requirements for the loans, credit, grants, donations and other financial support;
9. To avail preferential rights granted to cooperatives under RA 7160, otherwise known as the Local Government Code, and other laws, particularly those in the grant of franchises to establish, construct, operate and maintain ferries, wharves, markets or slaughters houses and to lease public utilities, including access to extension and on-site research services and facilities related to agriculture and fishery activities; and
10. To exercise such other powers granted under RA 9520 or necessary to carry out its purposes as stated in this articles of cooperation.

#### **Article V Term of Existence**

The term for which this Federation shall exist is \_\_\_\_\_ ( ) years from the date of its registration with the Cooperative Development Authority.

#### **Article VI Area of Operation**

That the membership of this Federation shall come from \_\_\_\_\_  
\_\_\_\_\_. Its principal office shall be  
located at \_\_\_\_\_  
\_\_\_\_\_.

**Article VII  
Name and Address of Cooperators**

That the name and complete postal address of the cooperators are as follows:

Name of Affiliate	Postal Address of Affiliate	Name of Representative

**Article VIII  
Board of Directors**

That the number of Directors of this Federation shall be \_\_\_\_\_( ) and the name and address of the Board of Directors who are to serve until their successors shall have been elected and qualified as provided in the by-laws are:

Name
1.
2.
3.
4.
5.

**Article IX  
Common Bond of Membership**

That this Federation is composed of duly registered cooperatives doing the same line of business, particularly \_\_\_\_\_, willing to

patronize the services of this Federation, and possess all the qualifications and none of the disqualifications provided for in the By-laws.

**ARTICLE X  
Capitalization**

That the Authorized Share Capital of this Federation is \_\_\_\_\_ PESOS (Php \_\_\_\_\_), divided into \_\_\_\_\_ (\_\_\_\_\_) shares with a par value of \_\_\_\_\_ (Php \_\_\_\_\_) per share.

**ARTICLE XI  
Subscribed and Paid-up Share Capital**

That of the authorized share capital, the amount of \_\_\_\_\_ (Php \_\_\_\_\_) has been subscribed, and \_\_\_\_\_ (Php \_\_\_\_\_) of the total subscription has been paid by the following affiliates-subscribers:

Names of Affiliate	No. of Subscribed Shares	Amount of Subscribed Shares	No. of Paid-up Shares	Amount of Paid-up Shares
<b>Total</b>				

**ARTICLE XII  
Arbitral Clause**

Any dispute, controversy or claim arising out of or relating to this Articles of Cooperation, the cooperative law and related rules, administrative guidelines of the Cooperative Development Authority, including inter-

federation disputes and related concerns, and any question regarding the existence, interpretation, validity, breach or termination or the business relationship shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Cooperative Development Authority, after compliance with the conciliation or mediation mechanisms embodied in the applicable bylaws and in such other pertinent laws.

BE IT KNOWN THAT:

\_\_\_\_\_ has been elected as Treasurer of this Federation to act as such until her/his successor shall have been duly appointed and qualified in accordance with the by-laws. As such Treasurer, he/she is authorized to receive payments and issue receipts for membership fees, share capital subscriptions and other revenues, and to pay obligations for and in the name of this Federation.

IN WITNESS WHEREOF, we have hereunto signed our names this \_\_\_\_\_ day of \_\_\_\_\_ in \_\_\_\_\_, Philippines.

NAME AND SIGNATURE OF COOPERATORS/AFFILIATE

Cooperator/Affiliate	Name of Representative	Signature of Representative

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
Signature Over Printed Name

\_\_\_\_\_  
Signature Over Printed Name

**ACKNOWLEDGMENT**

**Republic of the Philippines** )  
**Prov./City/Mun. of** \_\_\_\_\_ ) **S.S.**

Before me, a Notary Public for and in the Province/City/Municipality of \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ the following persons personally appeared with their Community Tax Certificates/Proof of Identity as indicated opposite their respective names:

Name of Cooperative Affiliate and its representative	CTC No./Proof of Identity	Date and Place of Issuance

All known to me to be the same persons who executed the foregoing Articles of Cooperation, and acknowledged to me that the same is their free will and voluntary deed.

This instrument known as Article of Cooperation of \_\_\_\_\_, consists of \_\_\_\_\_ pages including this page where the acknowledgment is written signed by parties and their instrumental witnesses on each and every page thereof.

WITNESS my hand and seal this day and place first above mentioned.

**Notary Public**

Doc. No. : \_\_\_\_\_  
 Page No.: \_\_\_\_\_  
 Book No.: \_\_\_\_\_  
 Series of \_\_\_\_\_

## ARTICLES OF COOPERATION

Of

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### KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned Filipino citizens, all of legal age and residents of the Philippines, have voluntarily agreed to organize a **primary** cooperative, under the laws of the Republic of the Philippines.

AND WE HEREBY CERTIFY:

#### Article I

##### Name of the Cooperative

That the name of this Cooperative shall be \_\_\_\_\_

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#### Article II

##### Type and Purpose(s)

That the type of this cooperative is \_\_\_\_\_ and the purpose(s) for which this Cooperative is organized is/are to engage in:

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#### Article III

##### Goals

That the goals of this cooperative is to help improve the quality of life of its members and in furtherance thereto shall aim:

1. To attain increased income, savings, investments, productivity, and purchasing power, and promote among themselves equitable distribution of net surplus through maximum utilization of economies of scale, cost-sharing and risk-sharing;
2. To provide optimum social and economic benefits to its members;
3. To teach members efficient ways of doing things in a cooperative manner;
4. To propagate cooperative practices and new ideas in business and management;
5. To allow the lower income and less privileged groups to increase their ownership in the wealth of the nation;
6. To actively support the government, other cooperatives and people oriented organizations, both local and foreign, in promoting cooperatives as a practical means towards sustainable socio-economic development under a truly just and democratic society;

7. To institutionalize a dynamic savings mobilization and capital build-up schemes to sustain its developmental activities and long-term investments, thereby ensuring optimum economic benefits to the members, their families and the general public;
8. To implement policy guidelines that will ensure transparency, equitable access to its resources and services, and promote the interests of the members; and
9. To adopt such other plans as may help foster the welfare of the members, their families and the community.

#### **Article IV Powers and Capacities**

That the powers, rights and capacities of this cooperative are those prescribed under Article 9 of Republic Act 9520.

1. To the exclusive use of its registered name;
2. To sue and be sued;
3. Of succession;
4. To amend its articles of cooperation in accordance with the provisions of RA 9520;
5. To adopt by-laws not contrary to law, morals or public policy, and to amend and repeal the same in accordance with RA 9520;
6. To purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage, and otherwise deal with such real and personal property as the transaction of the lawful affairs of the cooperative may reasonably and necessarily require, subject to the limitations prescribed by law and the Constitution;
7. To enter into division, merger, or consolidation, as provided under RA 9520;
8. To form subsidiary cooperatives and join federations or unions, as provided in this Code;
9. To avail of loans, be entitled to credit and to accept and receive grants, donations and assistance from foreign and domestic sources subject to the conditions of said loans, credits, grants, donations or assistance that will not undermine the autonomy of the cooperative. The Authority, upon written request, shall provide necessary assistance in the documentary requirements for the loans, credit, grants, donations and other financial support;
10. To avail preferential rights granted to cooperatives under RA 7160, otherwise known as the Local Government Code, and other laws, particularly those in the grant of franchises to establish, construct, operate and maintain ferries, wharves, markets or slaughters houses and to lease public utilities, including access to extension and on-site research services and facilities related to agriculture and fishery activities; and
11. To exercise such other powers granted under RA 9520 or necessary to carry out its purposes as stated in this articles of cooperation.

**Article V  
Term of Existence**

That the term for which this Cooperative shall exist is \_\_\_\_\_  
( ) years from the date of its registration with the Cooperative Development Authority.

**Article VI  
Common Bond and Field of Membership**

That the common bond of membership of this Cooperative is \_\_\_\_\_ and, shall be open to all natural persons who are all Filipino citizen, of legal age, \_\_\_\_\_ with the capacity to contract and possess all the qualifications and none of the disqualifications provided for in the By-laws and this Articles of Cooperation.

**Article VII  
Area of Operation**

That the membership of this Cooperative shall come from \_\_\_\_\_  
\_\_\_\_\_  
Its principal office shall be located at \_\_\_\_\_  
\_\_\_\_\_.

**Article VIII  
Name and Address of Cooperators**

That the name and complete postal address of the cooperators are as follows:

Name	Postal Address



**Article IX  
Board of Directors**

That the number of Directors of this Cooperative shall be \_\_\_\_\_( ) and the name and address of the directors who are to serve until their successors shall have been elected and qualified as provided in the by-laws are:

Name
1.
2.
3.
4.
5.

**ARTICLE X  
Capitalization**

That the Authorized Share Capital of this Cooperative is \_\_\_\_\_ PESOS (Php\_\_\_\_\_), divided into \_\_\_\_\_ (\_\_\_\_\_) shares with a par value of \_\_\_\_\_ (Php \_\_\_\_\_) per share.

**ARTICLE XI  
Subscribed and Paid-up Share Capital**

That of the authorized share capital, the amount of \_\_\_\_\_ (Php\_\_\_\_\_ ) has been subscribed, and \_\_\_\_\_ (Php\_\_\_\_\_ ) of the total subscription has been paid by the following members-subscribers:

Names	No. of Subscribed Shares	Amount of Subscribed Shares	No. of Paid-up Shares	Amount of Paid-up Shares
<b>Total</b>				

**ARTICLE XII**  
**Arbitral Clause**

Any dispute, controversy or claim arising out of or relating to this Articles of Cooperation, the cooperative law and related rules, administrative guidelines of the Cooperative Development Authority, including inter-cooperative, inter-federation disputes and related concerns, and any question regarding the existence, interpretation, validity, breach or termination or the business relationship shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Cooperative Development Authority, after compliance with the conciliation or mediation mechanisms embodied in the applicable bylaws and in such other pertinent laws.

BE IT KNOWN THAT:

\_\_\_\_\_ has been elected as Treasurer of this Cooperative to act as such until her/his successor shall have been duly appointed and qualified in accordance with the by-laws. As such Treasurer, he/she is authorized to receive payments and issue receipts for membership fees, share capital subscriptions and other revenues, and to pay obligations for and in the name of this Cooperative.

IN WITNESS WHEREOF, we have hereunto affixed our signatures opposite our names this \_\_\_\_\_ day of \_\_\_\_\_ in \_\_\_\_\_, Philippines.

Name of Cooperators	Signature

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
Signature Over Printed Name

\_\_\_\_\_  
Signature Over Printed Name

## ACKNOWLEDGMENT

Republic of the Philippines )  
Prov./City/Mun. of \_\_\_\_\_) S.S.

Before me, a Notary Public for and in the Province/City/Municipality of \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ the following persons personally appeared with their proof of identity as indicated opposite their respective names:

Name of Cooperators	Proof of Identity	Date issued	Place of Issuance

All known to me to be the same persons who executed the foregoing Articles of Cooperation, and acknowledged to me that the same is their free will and voluntary deed.

This instrument known as Articles of Cooperation consists of \_\_\_\_\_ pages including this page where the acknowledgment is written signed by the parties and their instrumental witnesses on each and every page thereof.

WITNESS my hand and seal this day and place first above mentioned.

**Notary Public**

Doc. No. : \_\_\_\_\_  
Page No.: \_\_\_\_\_  
Book No.: \_\_\_\_\_  
Series of \_\_\_\_\_

# **ARTICLES OF COOPERATION**

**of**

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**KNOW ALL MEN BY THESE PRESENTS:**

We, the undersigned duly authorized representative(s) of our respective cooperatives, all of legal age and Filipino citizens, have on this day voluntarily agreed to organize a (Secondary/Tertiary) Union of cooperatives, under the laws of the Republic of the Philippines, herein after referred to as the Cooperative Union.

AND WE HEREBY CERTIFY:

**Article I**  
**Name of the Cooperative Union**

That the name of this Cooperative Union shall be \_\_\_\_\_

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**Article II**  
**Purpose(s)**

That the purpose(s) for which this Cooperative Union is organized are:

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_

**Article III**  
**Goals**

The goals of this Cooperative Union are to help improve the quality of services of its affiliates and in furtherance thereto shall aim:

- a. To represent its affiliate organizations;
- b. To acquire, analyze, and disseminate economic, statistical, and other information relating to its affiliates and to all types of cooperatives within its area of operation;
- c. To sponsor studies in the economic, legal, financial, social, and other phases of cooperation, and publish the results thereof;
- d. To promote the knowledge of cooperative principles and practices;
- e. To develop the cooperative movement in their respective jurisdictions;
- f. To advise the appropriate authorities on all questions relating to cooperatives;
- g. To raise funds through membership fees, dues and contributions, donations, and subsidies from local and foreign sources whether private or government; and
- h. To do and perform such other non-business activities as may be necessary to attain the foregoing objectives.

**Article IV  
Powers and Capacities**

This Cooperative Union registered under RA 9520 shall have the following powers, rights and capacities:

1. To the exclusive use of its registered name;
2. To sue and be sued;
3. Of succession;
4. To amend its articles of cooperation in accordance with the provisions of RA 9520;
5. To adopt bylaws not contrary to law, morals or public policy, and to amend and repeal the same in accordance with RA 9520;
6. To purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage, and otherwise deal with such real and personal property as the transaction of the lawful affairs of the cooperative may reasonably and necessarily require, subject to the limitations prescribed by law and the Constitution;
7. To enter into division, merger, or consolidation, as provided under RA 9520;
8. To avail of loans, be entitled to credit and to accept and receive grants, donations and assistance from foreign and domestic sources subject to the conditions of said loans, credits, grants, donations or assistance that will not undermine the autonomy of the cooperative. The Authority, upon written request, shall provide necessary assistance in the documentary requirements for the loans, credit, grants, donations and other financial support; and
9. To exercise such other powers granted under RA 9520 or necessary to carry out its purposes as stated in this articles of cooperation.

**Article V  
Term of Existence**

The term for which this Cooperative Union shall exist is \_\_\_\_\_ ( ) years from the date of its registration with the Cooperative Development Authority.

**Article VI  
Area of Operation**

That the membership of this Cooperative Union shall come from \_\_\_\_\_ . Its principal office shall be located at \_\_\_\_\_ .

**Article VII  
Name and Address of Cooperators**

That the name and complete postal address of the cooperators are as follows:

Name of Cooperator/ Affiliate	Postal Address of Cooperator/Affiliate	Name of Representatives

Name of Cooperator/ Affiliate	Postal Address of Cooperator/Affiliate	Name of Representatives

**Article VIII  
Board of Directors**

That the number of Directors of this Cooperative Union shall be \_\_\_\_\_( ) and the name and address of the Board of Directors who are to serve until their successors shall have been elected and qualified as provided in this by-laws are:

<b>Name</b>
1.
2.
3.
4.
5.

**ARTICLE IX  
Capital Contribution**

That the capital contribution of the Cooperative Union shall be \_\_\_\_\_Pesos (Php\_\_\_\_.00).  
That the amount of capital contribution of affiliates is, as follows:

Names of Cooperator/Affiliate	Amount of Contribution
<b>Total</b>	

**ARTICLE X**  
**Arbitral Clause**

Any dispute, controversy or claim arising out of or relating to this Articles of Cooperation, the cooperative law and related rules, administrative guidelines of the Cooperative Development Authority, including inter-federation disputes and related concerns, and any question regarding the existence, interpretation, validity, breach or termination or the business relationship shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Cooperative Development Authority, after compliance with the conciliation or mediation mechanisms embodied in this Articles and in such other pertinent laws.

BE IT KNOWN THAT:

\_\_\_\_\_ has been elected as Treasurer of this Cooperative Union to act as such until her/his successor shall have been duly appointed and qualified in accordance with the by-laws. As such Treasurer, he/she is authorized to receive payments and issue receipts for membership fees, capital contribution and other revenues, and to pay obligations for and in the name of this Cooperative Union.

IN WITNESS WHEREOF, we have hereunto signed our names this \_\_\_\_\_ day of \_\_\_\_\_ in \_\_\_\_\_, Philippines.

NAME AND SIGNATURE OF COOPERATORS/AFFILIATE

Cooperator/Affiliate	Name of Representative	Signature of Representative

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
Signature Over Printed Name

\_\_\_\_\_  
Signature Over Printed Name





**ACKNOWLEDGMENT**

**Republic of the Philippines** )  
**Prov./City/Mun. of \_\_\_\_\_) S.S.**

Before me, a Notary Public for and in the Province/City/Municipality of \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ the following persons personally appeared with their Proof of Identity as indicated opposite their respective names:

Name of Cooperative Affiliate and its representative	Proof of Identity	Date and Place of Issuance

All known to me to be the same persons who executed the foregoing Articles of Cooperation, and acknowledged to me that the same is their free will and voluntary deed.

This instrument known as Article of Cooperation of \_\_\_\_\_, consists of \_\_\_\_\_ pages including this page where the acknowledgment is written signed by parties and their instrumental witnesses on each and every page thereof.

WITNESS my hand and seal this day and place first above mentioned.

**Notary Public**

Doc. No. : \_\_\_\_\_  
Page No.: \_\_\_\_\_  
Book No.: \_\_\_\_\_  
Series of \_\_\_\_\_

## BY-LAWS

### OF

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#### **KNOW ALL MEN BY THESE PRESENTS:**

We, the undersigned duly authorized representative(s) of our respective cooperatives, all of legal age and Filipino citizens, have on this day voluntarily agreed to organize a (Secondary/Tertiary) federation of cooperatives, do hereby adopt the following By-laws.

#### **Article I Purpose/s and Goals**

The purpose/s and goals of this Federation are those set forth in its Articles of Cooperation.

#### **Article II Membership**

Section 1. **Membership.** This Federation shall have \_\_\_\_\_ members.

Section 2. **Qualification for Membership** - The membership of this Federation is open to any registered \_\_\_\_\_, within the common bond of membership.

#### **Section 3. Requirements for Membership.**

A member must have complied with the following requirements:

- a. Approved application for membership;
- b. General Assembly Resolution indicating membership and share capital contribution to this Federation;
- c. Board of Director Resolution on authorized representative;
- d. Certification of line of business activities engaged in;
- e. Subscribed and paid the required minimum share capital and membership fee; and
- f. \_\_\_\_\_

Section 4. **Application for Membership.** An applicant for membership shall file a duly accomplished form to the Board of Directors who shall act upon the application within \_\_\_\_\_ (\_\_\_\_) days from the date of filing. The Board of Directors shall devise a form for the purpose which shall, aside from the profile of the applicant cooperative, include the duties of an affiliate to participate in all programs including but not limited to capital build-up, patronizing the businesses and services and savings mobilization of the federation and, such other information as may be deemed necessary.

The application form for membership shall include an undertaking to uphold the By-laws, policies, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly. No application for membership shall be given due course if not accompanied with a membership fee of \_\_\_\_\_ (Php \_\_\_\_\_), which shall be refunded to the applicant cooperative in case of rejection.

**Section 5. Appeal.** An applicant cooperative whose application was denied by the Board of Directors may appeal to the Appeal and Grievance Committee or the general assembly by giving notice to the Secretary of the federation within thirty (30) days upon receipt of the decision.

Section 6. **Minimum Share Capital Requirement.** An applicant cooperative for membership shall subscribe at least \_\_\_\_\_ ( ) shares and pay the value of at least \_\_\_\_\_ shares upon approval of its membership. However, no affiliate shall own or hold more than Ten percent (10%) of the total subscribed share capital of the Federation.

Section 7. **Duties and Responsibilities of Affiliates.** Every affiliate shall have the following duties:

- a. Pay the installment of its share capital subscription as it falls due and to participate in the capital build-up and savings mobilization activities of the federation;
- b. Patronize the Federation'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;
- f. Remit the Cooperative Education and Training Fund (CETF) due to the Federation/Union; and
- g. Promote the purposes and goals of the Federation, the success of its business, the welfare of its affiliates and the cooperative movement in general.

Section 8. **Rights and Privileges of Affiliates.** An affiliate shall have the following rights and privileges:

- a. Attend through authorized representative during general assembly meetings;
- b. Avail the services of the Federation, 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 reasonable office hours;
- d. Secure copies of Federation records/documents pertaining to the account information of the concerned member; and
- e. Such other rights and privileges as may be granted by the General Assembly.

Section 9. **Affiliate 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 the minimum shares required for membership;
- b. Not delinquent in the payment of its share capital subscriptions and other accounts or obligations;
- c. Not violated any provision of cooperative laws, CDA administrative issuances, Articles of Cooperation and 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 continuing education program prescribed by the Board of Directors;
- e. Remitted the Cooperative Education and Training Fund (CETF) due to the Federation/Union and

- f. Participated in the affairs of the Federation and patronized its businesses in accordance with the policies and guidelines.

Failure of the member to meet any of the above conditions shall mean suspension of voting rights subject to the declaration of the board of directors until the same has been lifted upon the determination of the latter.

Consequently, a member entitled to vote shall have the following additional 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 Philippine Cooperative Code of 2008; and
- c. Such other rights and privileges as may be provided by the General Assembly.

**Section 11. Liability of Affiliates.** An affiliate shall be liable for the debts of the Federation only to the extent of his subscribed share capital.

**Section 12. Termination of Membership.** Termination of membership may be automatic, voluntary or involuntary, which shall have the effect of extinguishing all rights of a member in the Cooperative, subject to refund of share capital contribution under Section 14 hereof.

- a. **Automatic Termination of Membership.** The dissolution or the insolvency of an affiliate shall be considered an automatic termination of its membership in the Federation.
- b. **Voluntary Termination.** An affiliate may, for any valid reason, withdraw his membership from the federation by giving a sixty (60) day notice to the Board of Directors.
- c. **Involuntary Termination.** An affiliate may be terminated by a vote of the majority of all the members of the Board of Directors for any of the following causes:
  - i. Has not patronized the services/businesses of the Federation as provided for in its policies ;
  - ii. Has continuously failed to comply with its obligations as provided for in the policies of the Federation;
  - iii. Has violated any provision of this By-laws and the policies promulgated by the board of directors of the Federation; and
  - iv. For any act or omission injurious or prejudicial to the interest or the welfare of the Federation.

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

The decision of the board of directors shall be in writing and shall be communicated in person or by registered mail to said member and shall be appealable within thirty (30) days from receipt thereof to the general assembly whose decision shall be final.

**Section 14. Refund of Share Capital Contribution.** An affiliate member whose membership is terminated shall be entitled to a refund of its share capital contribution and all other interests in the federation. However, such refund shall not be made if upon payment the value of the assets of the

Federation would be less than the aggregate amount of its debts and liabilities exclusive of its share capital contribution. In which case, the terminated affiliate shall continue to be entitled to the interest of its share capital contributions, patronage refund and the use of the services of the Federation until such time that all its interests in the Federation shall have been duly paid.

### **ARTICLE III Administration**

*Section 1. **The General Assembly (GA).*** The general assembly is composed of all the members entitled to vote, duly assembled and constituting a quorum and is the highest policy-making body of the Federation.

*Section 2. **Powers of the General Assembly.*** Subject to the pertinent provisions of the Cooperative Code and the rules issued thereunder, the general assembly shall have the following exclusive powers which cannot be delegated:

- a. To determine and approve amendments to the cooperative Articles of Cooperation and By-laws;
- b. To elect or appoint the members of the board of directors, and to remove them for cause;
- c. To approve developmental plans of the cooperative; and
- d. To delegate the following power/s to a smaller body of the Federation:
  - i. \_\_\_\_\_
  - ii. \_\_\_\_\_

*Section 3. **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 4. **Regular General Assembly Meeting.*** The General Assembly shall hold its annual regular meeting at the principal office of the Federation or at any place in the Philippines within ninety (90) days after the close of its fiscal year.

*Section 5. **Special General Assembly Meeting.*** The Board of Directors may, by a majority vote of all its affiliates, 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 one (1) month from receipt of a written request from:

- a. At least ten percent (10%) of the total number of affiliates entitled to vote;
- b. The Audit Committee; or
- c. The Federation to which the Cooperative is an affiliate, or
- d. Upon Order of the Cooperative Development Authority.

*Section 6. **Notice of Meeting.*** All notices of meetings shall be in writing and shall include the date, time, place, and agenda thereof stated therein.

- a. *Regular General Assembly Meeting.* Notice of the annual regular general assembly meeting shall be served by the Secretary, personally or his duly authorized representative, by registered mail, or by electronic means to all affiliates of record at his last known postal address, or by posting or publication, or through other electronic

means, at least one (1) week 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.

- b. *Special General Assembly Meeting.* Notice of any special general assembly meeting shall be served by the Secretary personally or his duly authorized representative, by registered mail, or by electronic means upon each members who are entitled to vote at his last known postal address, or by posting or publication, or through other electronic means, 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.
- c. *Waiver of Notice.* Notice of any meeting may be waived, expressly or impliedly, by the affiliate concerned.

**Section 7. Order of Business.** As far as practicable, the order of business of a regular general assembly meeting shall be:

- a. Call to order;
- b. Declaration/Consideration of presence of quorum;
- c. Reading, consideration and approval of the minutes of the previous meeting;
- d. Presentation and approval of the reports of the board of directors, officers, and the committees, including audited financial statements of the Cooperative;
- e. Unfinished business;
- f. New business;
- h.1 Election of directors and committee members
- h.2 Approval of Development and/or annual Plan and Budget
- h.3 Hiring of External Auditor
- h.4 Other related business matters
- g. Announcements; and
- h. Adjournment

**Section 8. Quorum for General Assembly Meeting.** During regular or special general assembly meeting, at least \_\_\_\_\_ percent (\_\_\_\_%) of the total number of affiliates entitled to vote shall constitute a quorum.

**Section 9. Voting System.** Only affiliates entitled to vote shall be qualified to participate and vote in any general assembly meeting. An affiliate is entitled to one basic vote and as many incentive votes but not to exceed five (5) votes. The votes cast by the representative/delegate duly authorized shall be deemed as votes cast by the affiliates.

The incentive vote shall be determined by the Board of Directors and approved by the general assembly.

Election 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.

## **ARTICLE IV Board of Directors**

**Section 1. Composition of the Board of Directors (BOD).** The Board of Directors shall be composed of \_\_\_\_\_ ( ) members.

Section 2. **Functions and Responsibilities.** The Board of Directors shall have the following functions and responsibilities:

- a. Provide general policy direction;
- b. Formulate the strategic development plan;
- c. Determine and prescribe the organizational and operational structure;
- d. Review the Annual Plan and Budget and recommend for the approval of the GA;
- e. Establish policies and procedures for the effective operation and ensure proper implementation of such;
- f. Evaluate the capability and qualification and recommend to the GA the engagement of the services of the External Auditor;
- g. Appoint the members of the Mediation/ Conciliation and Ethics Committees and other Officers as specified in the Code and Federation By-laws;
- h. Decide election related cases involving the Election Committee and its members in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act No. 9520, Memorandum Circulars issued by the Cooperative Development Authority, Alternate Dispute Resolution Act of 2004 and its supplementary laws;
- i. Act on the recommendation of the Ethics Committee on cases involving violations of Code of Governance and Ethical Standards in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act No. 9520, Memorandum Circulars issued by the Cooperative Development Authority, Alternate Dispute Resolution Act of 2004 and its supplementary laws; and
- j. Perform such other functions as may be prescribed in the By-laws or authorized by the GA;

Section 3. **Qualifications.** Any member who are entitled to vote and has the following qualifications can be elected or continue as member of the Board of Directors:

- a. Has paid the minimum capital requirement;
- b. Has no delinquent account with the Federation;
- c. Have continuously patronized the Federation services;
- d. An affiliate in good standing for the last two (2) years;
- e. Completed or willingness to complete within the prescribed period the required education and training whichever is applicable; and
- f. Other qualifications prescribed in the IRR of the Authority.

Section 4. **Disqualifications.** Any affiliate representative 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 a party list representative being an officer of a cooperative he or she represents;
- b. The members of the board of directors holding other position directly involved in the day-to-day operation and management of the cooperative he/she represents;
- c. Having direct or indirect personal interest with the business of the Cooperative;
- d. Having been absent for three (3) consecutive meetings or in more than fifty percent (50%) of all meetings within the twelve (12) month period unless with valid excuse as approved by the board of directors;
- e. Being an official or employee of the Cooperative Development Authority, except in a Federation organized among themselves;

- f. Having been convicted in administrative proceedings or civil/criminal suits involving financial and/or property accountability; and
- g. Having been disqualified by law.

**Section 5. Election of Directors.** The members of the Board of Directors shall be elected, by secret ballot, by the affiliates, who are duly authorized representatives, who are entitled to vote during the annual regular general assembly meeting or special general assembly meeting called for the purpose. Unless earlier removed for cause, or have resigned or become incapacitated, they shall hold office for a term of \_\_\_\_\_ ( ) years or until their successors shall have been elected and qualified; Provided, that majority 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 (1) year. Thereafter, all directors shall serve for a term of \_\_\_\_\_ ( ) years; The term of the cooperating directors shall expire upon the election of their successors in the first regular general assembly after registration.

**Section 6. Election of Officer within the Board of Directors.** The Board of Directors shall convene within ten (10) days after the general assembly meeting to elect by secret ballot from among themselves the *Chairperson* and the *Vice-Chairperson*, and (to elect or) appoint the *Secretary* and *Treasurer* from outside of the Board.

For committees elected by the General Assembly and/or appointed by the BOD, procedural process of electing the Chairperson, Vice-Chairperson or other positions among themselves should be in accordance with the process mentioned above.

**Section 7. Meeting of the Board of Directors.** The regular meeting of the Board of Directors shall be held at least once a month. However, the Chairperson 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 thru the Secretary stating the date, time and place of such meeting and the matters to be considered. Notice of regular and special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing or thru electronic means to each director at least two (2) 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 8. Vacancies.** Any vacancy occurring in the Board of Directors by reason of death, incapacity, removal or resignation may be filled-up 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 temporarily 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 9. Removal of Members of the Board of Directors and Committee Members.** All complaints for the removal of any elected officer shall be filed with the Board of Directors and such officer shall be given the opportunity to be heard. Majority of the Board of Directors may place the officer concerned under preventive suspension pending the resolution of the investigation. Upon finding of a *prima facie* evidence of guilt, the Board of Directors shall present its recommendation for removal to the general assembly. An elective officer may be removed by three-fourths (¾) of the regular members present and constituting a quorum, in a regular or special general assembly meeting called for the purpose. The officer concerned shall be given the opportunity to be heard at said assembly. For this purpose, the Board of Directors shall provide policy on suspension.

In cases where the officers sought to be removed consist of the majority of the BOD, at least 10% of the affiliates with voting rights may file a petition with the CDA, upon failure of the BOD to call an assembly meeting for the purpose to commence the proceeding for their removal within thirty (30) days from notice. The decision of the GA on the matter is final and executory.

An officer appointed by the Board of Directors may be removed from office for cause by a majority vote of all the members of the Board of Directors.

**Section 10. Prohibitions.** Any members of the Board of Directors shall not hold any other position directly involved in the day-to-day operation and management of the federation nor engage in any business similar to that of the cooperative or who in any way has a conflict of interest with it.

## **ARTICLE V Committees**

**Section 1. 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 one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the Federation Cooperative during his term of office. The Committee shall provide internal audit service, maintain a complete record of its examination and inventory, and submit audit report quarterly or as may be required by the Board and the general assembly.

The audit committee shall be directly accountable and responsible to the General Assembly. It shall have the power and duty to continuously monitor the adequacy and effectiveness of the federation's management control system and audit the performance of the federation and its various responsibility centers.

**Section 2. Functions and Responsibilities.** The Audit Committee shall:

- a. Monitor the adequacy and effectiveness of the federations management and control system;
- b. Audit the performance of the federation and its various responsibility centers;

- c. Review continuously and periodically the books of account and other financial records to ensure that these are in accordance with the cooperative principles & generally accepted accounting procedures;
- d. Submit reports on the results of the internal audit and recommend necessary changes on policies and other related matters on operation to the Board of Directors and GA;
- e. Recommend or petition to the Board of Directors conduct of special general assembly when necessary; and
- f. Perform such other functions as may be delegated by the BOD or authorize by the GA.

**Section 3. 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 one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the Federation during his term of office.

**Section 4. Functions and Responsibilities.** The Election Committee shall:

- a. Formulate election rules and guidelines and recommend to the GA for approval;
- b. Implement election rules and guidelines duly approved by the GA;
- c. Recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors, for approval of the GA;
- d. Supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;
- e. Canvass and certify the results of the election;
- f. Proclaim the winning candidates;
- g. Decide election and other related cases except those involving the Election Committee or its members in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations; Alternative Dispute Resolution Act of 1994 and its supplementary laws and circulars issued by the Cooperative Development Authority, and
- h. Perform such other functions as may be delegated by the BOD or authorized by the GA.

**Section 5. 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 one (1) year, without prejudice to their reappointment. Within ten (10) days after their appointment, they shall elect from among themselves a Vice-Chairperson and a Secretary. The Vice-Chairperson of the Board of Directors shall act as the Chairperson of the Committee.

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

**Section 6. Functions and Responsibilities.** The Education and Training Committee shall:

- a. Keep members, officers, staff well-informed regarding cooperative's goals/objectives, policies & procedures, services, etc.;

- b. Plan and implement educational program for coop members, officers and staff;
- c. Develop promotional and training materials for the cooperative;
- d. Conduct/Coordinate training activities; and
- e. Perform such other functions as may be delegated by the BOD or authorized by the GA.

**Section 7. Mediation and Conciliation Committee.** A Mediation and Conciliation Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Federation during his term of office.

**Section 8. Functions and Responsibilities.** The Mediation and Conciliation Committee:

- a. Formulate and develop the Conciliation-Mediation Program and ensure that it is properly implemented;
- b. Monitor Conciliation-Mediation program and processes;
- c. Submit semi-annual reports of federation cooperative cases to the Authority within 15 days after the end of every semester;
- d. Accept and file Evaluation Reports;
- e. Submit recommendations for improvements to the BOD;
- f. Recommend to the BOD any member of the federation cooperative for Conciliation-Mediation Training as Cooperative Mediator-Conciliator;
- g. Settle the disputes lodged in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations; Alternative Dispute Resolution Act of 1994 and its supplementary laws and circulars issued by the Cooperative Development Authority;
- h. Issue the Certificate of Non-Settlement after exhaustion of reasonable efforts to settle the disputes lodged in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations, Alternative Dispute Resolution Act of 1994 and its supplementary laws and, circulars issued by the Cooperative Development Authority;
- i. Perform such other functions as may be delegated by the BOD or authorized by the GA.

**Section 9. Ethics Committee.** An Ethics Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors. Within ten (10)days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Federation during his term of office.

**Section 10. Functions and Responsibilities.** The Ethics Committee shall:

- a. Develop Code of Governance and Ethical Standard to be observed by the affiliates, officers and employees of the Federation subject to the approval of the BOD and ratification of the GA;
- b. Disseminate, promote and implement the approved Code of Governance and Ethical Standards;

- c. Monitor compliance with the Code of Governance and Ethical Standards and recommend to the BOD measures to address the gap, if any;
- d. Conduct initial investigation or inquiry upon receipt of a complaint involving Code of Governance and Ethical Standards and submit report to the BOD together with the appropriate sanctions in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations; Alternative Dispute Resolution Act of 1994 and its supplementary laws and circulars issued by the Cooperative Development Authority;
- e. Recommend ethical rules and policy to the BOD;
- f. Perform such other functions as may be delegated by the BOD or authorized by the GA.

*Section 11. **Other Committees.*** By a majority vote of all its affiliates, the Board of Directors may form such other committees as may be deemed necessary for the operation of the Federation.

## **ARTICLE VI Officers and Management Staff of the Federation**

*Section 1. **Officers and their Duties.*** The officers of the Federation shall include *the members of the Board of Directors, Members of the different Committees created by the General Assembly, General Manager or Chief Executive Officer, Secretary, Treasurer* and members holding other positions as may be provided for in this by-laws, shall serve according to the functions and responsibilities of their respective offices as follows:

*a. **Chairperson*** – The Chairperson shall:

- i. Set the agenda for board meetings in coordination with the other members of the BOD;
- ii. Preside over all meetings of the Board of Directors and of the general assembly;
- iii. Sign contracts, agreements, certificates and other documents on behalf of the cooperative as authorized by the Board of Directors or by the GA; and
- iv. Perform such other functions as may be authorized by the BOD or by the GA.

*b. **Vice-Chairperson*** –the Vice-Chairperson shall:

- i. Perform all the duties and responsibilities of the Chairperson in the absence of the latter;
- ii. Act as ex-officio chairperson of the Education and Training Committee; And
- iii. Perform such other duties as may be delegated by the board of directors.

*c. **Treasurer*** – The Treasurer shall:

- i. Ensure that all cash collections are deposited in accordance with the policies set by the BOD;
- ii. Have custody of all funds, securities, and documentations relating to all assets, liabilities, income and expenditures;
- iii. Monitor and review the financial management operations of the federation, subject to such limitations and control as may be prescribed by BOD;

- iv. Maintain full and complete records of cash transactions;
- v. Maintain a Petty Cash Fund and Daily Cash Position Report; and
- vi. Perform such other functions as may be delegated by the Board of Directors and by the General Assembly.

**d. Secretary** – The Secretary shall:

- i. Keep an updated and complete registry of all affiliates
- ii. Prepare and maintain records of minutes of all meetings of the BOD & the GA;
- iii. Ensure that necessary BODs' actions and decisions are transmitted to the management for compliance and implementation;
- iv. Issue and certify the list of affiliates who are in good standing and entitled to vote as determined by the BOD;
- v. Prepare and issue Share Certificates;
- vi. Serve notice of all meetings called and certify the presence of quorum of all meetings of the BOD and GA;
- vii. Keep copy of the Treasurer's report & other reports;
- viii. Keep and maintain the Share & Transfer Book;
- ix. Serve as custodian of the cooperative seal; and
- x. Perform such other functions as may be prescribed be delegated by the board of directors.and/or by the GA.

**e. General Manager.** The General Manager shall:

- i. Oversee the overall day-to-day business operations of the cooperative by providing general direction, supervision, management and administrative control over all the operating departments subject to such limitations as may be set forth by the BOD or the GA;
- ii. Formulate and recommend in coordination with the operating departments under his/her supervision, the Federation's Annual and Medium Term Development Plan, programs and projects, for approval of the BOD, and ratification of GA;
- iii. Implement the duly approved plans and programs of the federation and any other directive or instruction of the BODs;
- iv. Provide and submit to the BODs monthly reports on the status of the federation's operation vis-a-vis its target and recommend appropriate policy or operational changes, if necessary;
- v. Represent the federation in any agreement, contract, business dealings, and in any other official business transaction as may be authorized by the BODs;
- vi. Ensure compliance with all administrative and other requirements of regulatory bodies;
- vii. Maintain records and accounts of the Federation in such manner that the true condition of its business may be ascertained therefrom at any time; and
- viii. Perform such other functions as may be delegated by the Board of Directors and by the GA.

**Section 2. 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 federation 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 federation, 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 Federation in respect to any matter which has been reposed in him in confidence, he shall, as a trustee for the Federation, be liable for damages or loss of profits which otherwise would have accrued to the Federation.

**Section 3. Management Staff.** A core management team composed of *Manager, Cashier, Bookkeeper, Accountant*, and other position as may be necessary or as provided for in their Human Resource Manual shall take charge of the day-to-day operations of the Federation. The Board of Directors shall appoint, fix their compensation and prescribe for the functions and responsibilities.

**Section 4. Qualification of the General Manager.** No person shall be appointed to the position of General Manager unless he/she possesses the following qualifications and none of the disqualifications herein enumerated:

- a. Must be familiar with the business operation of the Federation;
- b. Must have at least two (2) years experience in the operations of the federation or related business;
- c. Must not be engaged directly or indirectly in any activity similar to the business of the Federation;
- d. Must not have been convicted of any administrative, civil or criminal cases involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- e. Must be of good moral character;
- f. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment; and
- g. Must undergo pre-service and/or in-service trainings.

**Section 5. Duties of Cashier.** The Cashier of the Federation, who shall be under supervision and control of the General Manager shall:

- a. Handle monetary transactions;
- b. Receive/collect payments and deposits;
- c. Responsible for money received and expended;
- d. Prepare reports on money matters; and
- e. Perform such other duties as the Board of Directors may require.

**Section 6. Duties of the Accountant.** The Accountant of the Federation, who shall be under 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 Federation 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 Chairperson of the Audit Committee; and
- e. Perform such other duties as the Board of Directors may require.

**Section 7. Duties of the Bookkeeper.** The bookkeeper of the Federation who is under supervision and control of the Accountant shall:

- a. Records and update books of accounts;
- b. Provide assistance in the preparation of 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. 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 Chairperson of the Audit Committee; and
- d. Perform such other duties as the Board of Directors may require.

**Section 8. Qualifications of Accountant, Cashier, and Bookkeeper.** No person shall be appointed to the position of accountant and bookkeeper unless they possess the following qualifications and none of the disqualifications herein enumerated:

- a. Bachelors degree in accountancy must be required for Accountant however Cashier and Bookkeeper must be knowledgeable in handling monetary transactions, accounting and bookkeeping;
- b. Must have at least two (2) years experience in Cooperative operation or related business;
- c. Must not be engaged directly or indirectly in any activity similar to the business of the Cooperative;
- d. Must not be convicted of any administrative, civil or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
- e. Must be of good moral character;
- f. Must be willing to undergo pre-service and/or in-service trainings in accounting; and
- g. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment.

**Section 9. Compensation.** Subject to the approval of the general assembly, the members of the Board of Directors 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 Federation, be given regular compensation; Provided, further, that the directors and officers shall not be entitled to any *per diem* when, if in the preceding calendar year, the Federation reported a net loss or had a dividend rate less than the official inflation rate for the same year.

## **ARTICLE VII Capital Structure**

**Section 1. Source of Funds.** The Federation may derive its funds from any or all of the following sources:

- a. Affiliates' share capital contribution;
- b. Loans and borrowings including deposits;
- c. Revolving capital build-up which consist of the deferred payment of patronage refund or interest on share capital;
- d. Subsidies, grants, legacies, aids, donation and such other assistance from any local or foreign institution, public or private;
- e. Retentions from the proceeds of services acquired /goods procured by members; and

f. Other sources of funds as may be authorized by law.

**Section 2. Continuous Capital Build-Up.** Every member shall have invested in any or all of the following:

- a. At least \_\_\_\_\_ Pesos (P\_\_\_\_\_)per annum;
- b. At least \_\_\_\_ percent (\_\_\_%) of affiliate's annual interest on capital and patronage refund; and
- c. At least \_\_\_\_\_ percent (\_\_\_%) of each good procured /service acquired from the Federation.

**Section 3. Borrowing.** The Board of Directors, upon approval of the General Assembly, may borrow funds from any source, local or foreign, under such terms and conditions that best serve the interest of the Federation.

**Section 4. Revolving Capital.** To strengthen the capital structure of the Federation, 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 privileges or restrictions as may be deemed just and equitable.

**Section 5. 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 acquired and/or goods procured by members.

**Section 6. Share Capital Contribution.** Share Capital Contribution refers to the value of capital subscribed and paid for by an affiliate in accordance with its Articles of Cooperation.

**Section 7. Fines on Unpaid Subscribed Share Capital.** The Board of Directors shall prescribe a reasonable fine for unpaid subscription of share capital.

**Section 7. Share Capital Certificate.** The Board of directors shall issue a Share Capital Certificate only to an affiliate who has fully paid his subscription. The Certificate shall be serially numbered and contain the share holder's name, the number of shares owned, the par value, and duly signed by the Chairperson and the Secretary, and bearing the official seal of the Federation. All certificates issued and/or transferred shall be registered in the Federation's Share and Transfer Book.

The number of paid share required for the issuance of Share Capital Certificate shall be determined by the Board of Directors.

The shares may be purchased, owned or held only by the **primary** cooperative who are eligible for membership. Subject to existing government rules or laws, interests 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 Federation.

**Section 8. Transfer of Shares.** The Federation 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 provided that:

- a. The Affiliate has held such shares or interests for not less than one (1) year;
- b. The transfer is made to an affiliate of the Federation or eligible cooperative that falls within the field of membership of the Federation; and



- c. The Board has approved such transfer.

The transfer of shares shall not be binding to the Federation until such transfer has been registered in the share and transfer book. No transfer shall be completed until the old certificate have been endorsed and surrendered to the Federation and a new certificate is issued in the name of the affiliate. The corresponding transfer fee shall be collected from the transferee as prescribed in the federation policy.

In case of lost or destroyed share certificate, the Board of Directors may issue a replacement after the affiliate-owner thereof executes a sworn affidavit, 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;
- c. The lost or destroyed certificate has never been transferred, sold or endorsed to any third party, that should the same be found, the owner shall surrender it to the Federation; and
- d. That any false representation or statement made in the aforesaid affidavit shall be a ground for expulsion from the Federation.

## **ARTICLE VIII Operations**

Section 1. **Primary Consideration.** Adhering to the principle of service over and above profit, the Federation shall endeavor to:

- a. Engage in:
  - a.1 \_\_\_\_\_
  - a.2 \_\_\_\_\_
  - a.3 \_\_\_\_\_
- b. Formulate and implement program strategies that will provide its affiliates and the communities within its area of operation needed goods/services;
- c. Adopt and implement plans and programs which insures the continued build-up of the Federations' capital structure with the end view of establishing other needed services for the members and the public;
- d. Formulate and implement studies and/or programs that will address the needs of affiliate; and
- e. Collect CETF and other dues from its affiliates.

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

Section 1. **Allocation** - At the end of its fiscal year, the Federation 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, provided, that in the first five (5) years of operation after registration, this amount shall not be less than fifty per centum (50%) of the net surplus:

- i. The reserve fund shall be used for the stability of the Federation 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.

- ii. The reserve fund shall not be utilized for investment, other than those allowed in the Republic Act No. 9520. Such sum of the reserve fund in excess of the authorized share capital may be used at any time for any project that would expand the operations of the Federation upon the resolution of the general assembly.
- iii. Upon the dissolution of the Federation, the reserve fund shall not be distributed among the affiliates. However, the general assembly may resolve:
  - a. To establish usufructuary fund for the benefit of any federation or union to which the Federation is affiliated; or
  - b. To donate, contribute or otherwise dispose of the amount for the benefit of the community where the Federation operates. If the affiliate 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.

**b. Education and Training Fund.** \_\_\_\_\_ percent (\_\_\_%) shall be set aside for Education and Training Fund.

- i. Half of the amount allocated to the education and training fund annually under this subsection may be spent by the Federation for education and training purposes; while the other half may be remitted to a union or federation chosen by the Federation or of which it is a affiliated with.
- ii. Upon the dissolution of the Federation, the unexpended balance of the education and training fund pertaining to the Federation shall be credited to the Federations' education and training fund of the chosen union or federation.

**c. Community Development Fund.** \_\_\_\_\_ percent (\_\_\_%) shall be used for projects and activities that will benefit the community where the Federation operates.

**d. Optional Fund.** \_\_\_\_\_ percent (\_\_\_%) shall be set aside for Optional Fund for land and building, and any other necessary fund.

**Section 2. Interest on Share Capital and Patronage Refund.** The remaining net surplus shall be made available to the affiliates in the form of interest on share capital not to exceed the normal rate of return on investment and patronage refunds. Provided, that any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserved to the reserve fund. The sum allocated for patronage refund shall be made available at the same rate to all patrons of the Federation in proportion to their individual patronage, provided that:

- a. In the case of a affiliate/member patron with paid-up share capital contribution, his/her proportionate amount of patronage refund shall be paid to him unless he/she agrees to credit the amount to his/her account as additional share capital contribution;
- b. In the case of affiliate/member patron with unpaid share capital contribution, its/his/her proportionate amount of patronage refund shall be credited to its/his/her account until the share capital has been fully paid;

- c. In the case of non-affiliate/member patron, its/his/her proportionate amount of patronage refunds shall be set aside in a general fund for such patron and shall be allocated to individual non-member patron and only upon request and presentation of evidence of the amount of his/her patronage. The amount so allocated shall be credited to such patron toward payment of the minimum capital contribution for membership. When a sum equal to this amount has accumulated at any time within two (2) years, such patron shall be deemed and become an affiliate of the Federation if he so agrees or requests and complies with the provisions of the bylaws for admission to membership; and
- d. If within the period specified hereof, any subscriber who has not fully paid his subscribed share capital or any non-affiliate patron who has accumulated, the sum necessary for membership, but who does not request nor agree to become an affiliate or fails to comply with the provisions of this bylaws for admission to membership, the amount so accumulated or credited to their account together with any part of the general fund for non-member patron shall be credited to the reserve fund or to the education and training fund, at the option of the Federation.

## **ARTICLE X Settlement of Disputes**

*Section 1. **Mediation and Conciliation.*** All inter and intra-federation disputes shall be settled within the Federation in accordance with the Guidelines issued by the Cooperative Development Authority, Art. 137 Of Republic Act No. 9520 and its Implementing Rules and Regulations, Alternative Dispute Resolution Act of 2004 and its suppletory laws.

*Section 2. **Voluntary Arbitration.*** Any dispute, controversy or claim arising out of or relating to this By-laws, the cooperative law and related rules, administrative guidelines of the Cooperative Development Authority, including disputes involving members, officers, directors, and committee members, intra-federation disputes and related issues, and any question regarding the existence, interpretation, validity, breach or termination of agreements, or the membership/general assembly concerns shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Cooperative Development Authority, after compliance with the conciliation or mediation mechanisms embodied in this By-laws, and in such other applicable laws.

## **Article XI Miscellaneous**

*Section 1. **Investment of Capital.*** The Federation may invest its capital in any or all of the following:

- a. Shares or debentures or securities;
- b. Any reputable bank in the locality or any tertiary federation of which it is a member and cooperative banks;
- c. Securities issued or guaranteed by Government;
- d. Real Estate primarily for the use of the Federation or its affiliates; or
- e. In any other manner approved by the general assembly.

**Section 2. Accounting System.** The Federation 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 laws, rules and regulations.

**Section 3. Financial Audit, Performance Audit, and Social Audit.** At least once a year, the Board of Directors shall cause, in consultation with the Audit Committee, the audit of the books of accounts of the Federation, performance audit and social audit by CDA Accredited Independent Certified Public Accountant, Accredited Social Auditor, and Federation Compliance Officer/Audit Committee.

**Section 4. Annual Report.** During the annual regular assembly meeting, the Federation shall submit a report of its operation to the General Assembly together with the Audited Financial Statements, Performance Audit and Social Audit reports. The Cooperative Annual Performance Report shall be certified by the Chairperson and Manager of the Federation as true and correct in all aspects to the best of their knowledge. The Audited Financial Statements and Social Audit Reports shall be certified by CDA Accredited Independent Auditors.

The Federation shall submit the following reports to the Authority within (120) days from the end of every calendar year:

- a. Cooperative Annual Performance Report (CAPR);
- b. Social Audit Report;
- c. Performance Report;
- d. Audited Financial Statement duly stamped "Received" by BIR;
- e. List of officers and trainings undertaken/completed;
- f. List of cooperatives which have remitted their respective Cooperative Education and Training Funds (CETF);
- g. Business consultancy assistance to include the nature and cost and
- h. Other training activities undertaken specifying therein the nature, participants, and cost of the activity.

**ARTICLE XII  
Amendments**

**Section 1. Amendment of Articles of Cooperation and By-laws.** Amendments to the Articles of Cooperation and this By-Laws may be adopted by at least two-thirds (2/3) votes of all members with voting rights without prejudice to the rights of dissenting members to withdraw their membership under the provisions of the Philippine Cooperative Code of 2008.

The amendment/s shall take effect upon approval by the Cooperative Development Authority.

Voted and adopted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_, Philippines.

Name of Affiliate	Name of Representative	Signature

Name of Affiliate	Name of Representative	Signature

We, constituting the majority of the Board of Directors of the \_\_\_\_\_ do hereby certify that the foregoing instrument is the Code of By-laws of this Federation.

Signed this \_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_, in \_\_\_\_\_.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Vice Chairperson

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## BY-LAWS OF

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### **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 this primary cooperative, do hereby adopt the following code of By-laws.

#### **Article I Purpose(s) and Goals**

The purpose(s) and goals of this Cooperative are those set forth in its Articles of Cooperation.

#### **Article II Membership**

Section 1. **Membership.** This Cooperative shall have \_\_\_\_\_ members.

Section 2. **Qualification for Membership** - The membership of this Cooperative is open to all natural persons, Filipino citizen, of legal age, with capacity to contract and, within the common bond and field of membership described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### **Section 3. Requirements for Membership.**

A member must have complied with the following requirements:

- a. Approved application for membership;
- b. Certificate of completion of the prescribed Pre-Membership Education Seminar (PMES);
- c. Subscribed and paid the required minimum share capital and membership fee; and
- d. \_\_\_\_\_

Section 4. **Application for Membership.** An applicant for membership shall file a duly accomplished form to the Board of Directors who shall act upon the application within \_\_\_\_\_ (\_\_\_\_) days 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 duties of a member to participate in all programs including but not limited to capital build-up and savings mobilization of the Cooperative and, such other information as may be deemed necessary.

The application form for membership shall include an undertaking to uphold the By-laws, policies, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly. No application for membership shall be given due course if not accompanied with a membership fee of \_\_\_\_\_ (Php \_\_\_\_\_), which shall be refunded to the applicant in case of rejection.

Section 5. **Appeal.** An applicant whose application was denied by the Board of Directors may appeal to the Appeal and Grievance Committee or the general assembly by giving notice to the Secretary of the Cooperative within thirty (30) days upon receipt of the decision.

Section 6. **Minimum Share Capital Requirement.** An applicant for membership shall subscribe at least \_\_\_\_\_ (\_\_\_\_) shares and pay the value of at least \_\_\_\_\_ (\_\_\_\_) shares upon approval of his/her membership.

However, no member shall own or hold more than ten percent (10%) of the total subscribed share capital of the Cooperative.

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

- a. Pay the installment of his/her 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 business(es) 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 purposes and goals of the Cooperative, the success of its business, the welfare of its members and the cooperative movement in general.

Section 8. **Rights and Privileges of Members.** A member shall have the following rights and privileges:

- a. Attend 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 reasonable office hours;
- d. Secure copies of cooperative records/documents pertaining to the account information of the concerned member;
- e. Participate in the continuing education and other training programs of the cooperative; and
- f. Such other rights and privileges as may be granted by the General Assembly.

Section 9. **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 the minimum shares required for membership;
- b. Not delinquent in the payment of his/her share capital subscriptions and other accounts or obligations;
- c. Not violated any provision of cooperative laws, CDA administrative issuances, Articles of Cooperation and 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 continuing education program prescribed by the Board of Directors; and
  - e. Participated in the affairs of the Cooperative and patronized its businesses in accordance with cooperative's policies and guidelines.

Failure of the member to meet any of the above conditions shall mean suspension of voting rights subject to the declaration of the board of directors until the same has been lifted upon the determination of the latter.

Consequently, a member entitled to vote shall have the following additional 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 Philippine Cooperative Code of 2008; and
- c. Such other rights and privileges as may be provided by the General Assembly.

**Section 10. Liability of Members.** A member shall be liable for the debts of the Cooperative only to the extent of his/her subscribed share capital.

**Section 11. Termination of Membership.** Termination of membership may be automatic, voluntary or involuntary, which shall have the effect of extinguishing all rights of a member in the Cooperative, subject to refund of share capital contribution under Section 13 hereof.

- a. **Automatic Termination of Membership.** The death or insanity of a member shall be considered an automatic termination of his/her membership in the Cooperative.
- b. **Voluntary Termination.** A member may, for any valid reason, withdraw his/her membership from the Cooperative by giving a sixty (60) day notice to the Board of Directors.
- c. **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:
  - i. Has not patronized the service(s)/business(es) of the Cooperative as provided for in the policies of the cooperative;
  - ii. Has continuously failed to comply with his/her obligations as provided for in the policies of the cooperative;
  - iii. Has violated any provision of this By-laws and the policies of the cooperative; and
  - iv. For any act or omission injurious or prejudicial to the interest or the welfare of the Cooperative.

**Section 12. Manner of Involuntary Termination.** The Board of Directors shall notify in writing the member who is being considered for termination and shall give him/her the opportunity to be heard.

The decision of the board of directors in writing shall be communicated in person or by registered mail to said member and is appealable within



thirty (30) days from receipt thereof to the general assembly whose decision shall be final.

**Section 13. Refund of Share Capital Contribution.** A member whose membership is terminated shall be entitled to a refund of his/her 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/her share capital contribution. In which case, the member shall continue to be entitled to the interest of his/her share capital contributions, patronage refund and the use of the services of the Cooperative until such time that all his/her interests in the Cooperative shall have been duly paid.

### **ARTICLE III Administration**

**Section 1. The General Assembly (GA).** The general assembly is composed of all the members entitled to vote, duly assembled and constituting a quorum and is the highest policy-making body of the Cooperative.

**Section 2. Powers of the General Assembly.** Subject to the pertinent provisions of the Cooperative Code and the rules issued thereunder, the general assembly shall have the following exclusive powers which cannot be delegated:

- a. To determine and approve amendments to the cooperative Articles of Cooperation and By-laws;
- b. To elect or appoint the members of the board of directors, and to remove them for cause;
- c. To approve developmental plans of the cooperative; and
- d. To delegate the following power/s to a smaller body of the cooperative:
  - i. \_\_\_\_\_
  - ii. \_\_\_\_\_

**Section 3. Meetings.** Meetings of the general assembly, board of directors and committees may be regular or special. All proceedings and business(es) 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 4. Regular General Assembly Meeting.** The General Assembly shall hold its annual regular meeting at the principal office of the Cooperative or at any place in the Philippines within ninety (90) days after the close of its fiscal year.

**Section 5. 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 one (1) month from receipt of a written request from:

- a. at least ten percent (10%) of the total number of members entitled to vote;
- b. the Audit Committee; or
- c. the Federation or Union to which the Cooperative is a member; or

d. upon Order of the Cooperative Development Authority.

**Section 6. Notice of Meeting.** All notices of meetings shall be in writing and shall include the date, time, place, and agenda thereof stated therein.

- a. *Regular General Assembly Meeting.* Notice of the annual regular general assembly meeting shall be served by the Secretary, personally or his/her duly authorized representative, by registered mail, or by electronic means to all members of record at his/her last known postal address, or by posting or publication, or through other electronic means, at least one (1) week 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.
- b. *Special General Assembly Meeting.* Notice of any special general assembly meeting shall be served by the Secretary personally or his/her duly authorized representative, by registered mail, or by electronic means upon each members who are entitled to vote at his/her last known postal address, or by posting or publication, or through other electronic means, 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.
- c. *Waiver of Notice.* Notice of any meeting may be waived, expressly or impliedly, by the member concerned.

**Section 7. Order of Business.** As far as practicable, the order of business of a regular general assembly meeting shall be:

- a. Call to order;
- b. Declaration/Consideration of presence of quorum;
- c. Reading, consideration and approval of the minutes of the previous meeting;
- d. Presentation and approval of the reports of the board of directors, officers, and the committees, including audited financial statements of the Cooperative;
- e. Unfinished business;
- f. New business;
  - i. Election of directors and committee members
  - ii. Approval of Development and/or annual Plan and Budget
  - iii. Hiring of External Auditor
  - iv. Other related business matters
- g. Announcements; and
- h. Adjournment

**Section 8. 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.

**Section 9. 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/she owns.

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 1. Composition of the Board of Directors (BOD).** The Board of Directors shall be composed of \_\_\_\_\_ ( ) members.

**Section 2. Functions and Responsibilities.** The Board of Directors shall have the following functions and responsibilities:

- a. Provide general policy direction;
- b. Formulate the strategic development plan;
- c. Determine and prescribe the organizational and operational structure;
- d. Review the Annual Plan and Budget and recommend for the approval of the GA;
- e. Establish policies and procedures for the effective operation and ensure proper implementation of such;
- f. Evaluate the capability and qualification, and recommend to the GA the engagement of the services of the External Auditor;
- g. Appoint the members of the Mediation/ Conciliation and Ethics Committees and other Officers as specified in the Code and cooperative By-laws;
- h. Declare the members entitled to vote;
- i. Decide election related cases involving the Election Committee and its members;
- j. Act on the recommendation of the Ethics Committee on cases involving violations of Code of Governance and Ethical Standards; and
- k. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

**Section 3. Qualifications.** Any member who are entitled to vote and has the following qualifications can be elected or continue as member of the Board of Directors:

- a. Has paid the minimum capital requirement;
- b. Has no delinquent account with the cooperative;
- c. Have continuously patronized the cooperative services;
- d. A member in good standing for the last two (2) years;
- e. Completed or willingness to complete within the prescribed period the required education and training whichever is applicable; and
- f. Other qualifications prescribed in the Implementing Rules of Regulations (IRR) of R.A. 9520.

**Section 4. 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 a party list representative being an officer of a cooperative he/she represents;

- b. The members of the board of directors shall not hold any other position directly involved in the day-to-day operation and management of the cooperative;
- c. Having direct or indirect personal interest with the business of the Cooperative;
- d. Having been absent for in three (3) consecutive meetings or in more than fifty percent (50%) of all meetings within the twelve (12) month period unless with valid excuse as approved by the board of directors;
- e. Being an official or employee of the Cooperative Development Authority, except in a cooperative organized among themselves;
- f. Having been convicted in administrative proceedings or civil/criminal suits involving financial and/or property accountability; and
- g. Having been disqualified by law.

**Section 5. 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 or special general assembly meeting called for the purpose. Unless earlier removed for cause, or have resigned or become incapacitated, they shall hold office for a term of \_\_\_\_\_ ( ) years or until their successors shall have been elected and qualified; Provided, that majority 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 (1) year. Thereafter, all directors shall serve for a term of \_\_\_\_\_ ( ) years. The term of the cooperating directors shall expire upon the election of their successors in the first regular general assembly after registration.

**Section 6. Election of Officer within the Board.** The Board of Directors shall convene within ten (10) days after the general assembly meeting to elect by secret ballot from among themselves the *Chairperson* and the *Vice-Chairperson*, and to elect or appoint the *Secretary* and *Treasurer* from outside of the Board.

For committees elected by the General Assembly and/or appointed by the BOD, procedural process of electing the Chairperson, Vice-Chairperson or other positions among themselves should be in accordance with the process mentioned above.

**Section 7. Meeting of the Board of Directors.** The regular meeting of the Board of Directors shall be held at least once a month. However, the Chairperson 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 through the Secretary stating the date, time and place of such meeting and the matters to be considered. Notice of regular and special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing or through electronic means to each director at least two (2) 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 8. Vacancies.** Any vacancy occurring in the Board of Directors by reason of death, incapacity, removal or resignation may be filled-up 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/her 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 temporarily 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 9. Removal of Members of the Board of Directors and Committee Members.** All complaints for the removal of any elected officer shall be filed with the Board of Directors and such officer shall be given the opportunity to be heard. Majority of the Board of Directors may place the officer concerned under preventive suspension pending the resolution of the investigation. Upon finding of a *prima facie* evidence of guilt, the Board of Directors shall present its recommendation for removal to the general assembly. For this purpose, the Board of Directors shall provide policy on suspension.

An elective officer may be removed by three-fourths ( $\frac{3}{4}$ ) of the regular members present and constituting a quorum, in a regular or special general assembly meeting called for the purpose. The officer concerned shall be given the opportunity to be heard at said assembly.

In cases where the officers sought to be removed consist of the majority of the BOD at least 10% of the members with voting rights may file a petition with the CDA upon failure of the BOD to call an assembly meeting to commence the proceeding for their removal. The decision of the GA on the matter is final and executory.

An officer appointed by the Board of Directors may be removed from office for cause by a majority vote of all the members of the Board of Directors.

**Section 10. Prohibitions.** Any member of the Board of Directors shall not hold any other position directly involved in the day-to-day operation and management of the cooperative nor engage in any business similar to that of the cooperative or who in any way has a conflict of interest with it.

## **ARTICLE V Committees**

**Section 1. 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 one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold

any other position within the Cooperative during his/her term of office. The Committee shall provide internal audit service, maintain a complete record of its examination and inventory, and submit an audit report quarterly or as may be required by the Board and the general assembly.

The audit committee shall be directly accountable and responsible to the General Assembly. It shall have the power and duty to continuously monitor the adequacy and effectiveness of the cooperative's management control system and audit the performance of the cooperative and its various responsibility centers.

Section 2. **Functions and Responsibilities.** The Audit Committee shall:

- a. Monitor the adequacy and effectiveness of the cooperative's management and control system;
- b. Audit the performance of the cooperative and its various responsibility centers;
- c. Review continuously and periodically the books of account and other financial records to ensure that these are in accordance with the cooperative principles & generally accepted accounting procedures;
- d. Submit reports on the results of the internal audit and recommend necessary changes on policies and other related matters on operation to the Board of Directors and GA;
- e. Recommend or petition to the Board of Directors the conduct of special general assembly when necessary; and
- f. Perform such other functions as may be prescribed in the By-laws or authorize by the GA.

Section 3. **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 one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the Cooperative during his/her term of office.

Section 4. **Functions and Responsibilities.** The Election Committee shall:

- a. Formulate election rules and guidelines, and recommend to the GA for approval;
- b. Implement election rules and guidelines duly approved by the GA;
- c. Recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors, for approval of the GA;
- d. Supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;
- e. Canvass and certify the results of the election;
- f. Proclaim the winning candidates;
- g. Decide election and other related cases except those involving the Election Committee or its members, and
- h. Perform such other functions as prescribed in the By-laws or authorized by the GA.

Section 5. **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 one (1) year, without prejudice to their reappointment. Within ten

(10) days after their appointment, they shall elect from among themselves a Vice-Chairperson and a Secretary. The Vice-Chairperson of the Board of Directors shall act as the Chairperson of the Committee.

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 6. Functions and Responsibilities.** The Education and Training Committee shall:

- a. Keep members, officers, staff well-informed regarding cooperative's goals/objectives, policies & procedures, services, etc.;
- b. Plan and implement educational program for coop members, officers and staff;
- c. Develop promotional and training materials for the cooperative; and
- d. Conduct/Coordinate training activities.

**Section 7. Mediation and Conciliation Committee.** A Mediation and Conciliation Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative during his/her term of office.

**Section 8. Functions and Responsibilities.** The Mediation and Conciliation Committee:

- a. Formulate and develop the Conciliation-Mediation Program and ensure that it is properly implemented;
- b. Monitor Conciliation-Mediation program and processes;
- c. Submit semi-annual reports of cooperative cases to the Authority within 15 days after the end of every semester;
- d. Accept and file Evaluation Reports;
- e. Submit recommendations for improvements to the BOD;
- f. Recommend to the BOD any member of the cooperative for Conciliation-Mediation Training as Cooperative Mediator-Conciliator;
- g. Issue the Certificate of Non-Settlement; and
- h. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

**Section 9. Ethics Committee.** An Ethics Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative during his/her term of office.

**Section 10. Functions and Responsibilities.** The Ethics Committee shall:

- a. Develop Code of Governance and Ethical Standard to be observed by the members, officers and employees of the cooperative subject to the approval of the BOD and ratification of the GA;

- b. Disseminate, promote and implement the approved Code of Governance and Ethical Standards;
- c. Monitor compliance with the Code of Governance and Ethical Standards and recommend to the BOD measures to address the gap, if any;
- d. Conduct initial investigation or inquiry upon receipt of a complaint involving Code of Governance and Ethical Standards and submit report to the BOD together with the appropriate sanctions;
- e. Recommend ethical rules and policy to the BOD;
- f. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

*Section 11. 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 operation of the Cooperative.

## **ARTICLE VI Officers and Management Staff of the Cooperative**

*Section 1. Officers and their Duties.* The officers of the cooperative shall include the *Members of the Board of Directors, Members of the Different Committees created by the General Assembly, General Manager or Chief Executive Officer, Secretary, Treasurer* and members holding other positions as may be provided for in this By-laws, shall serve according to the functions and responsibilities of their respective offices as follows:

*a. Chairperson* – The Chairperson shall:

- i. Set the agenda for board meetings in coordination with the other members of the BOD;
- ii. Preside over all meetings of the Board of Directors and of the general assembly;
- iii. Sign contracts, agreements, certificates and other documents on behalf of the cooperative as authorized by the Board of Directors or by the GA;
- iv. Issue Certificate of Non-Affiliation with the Federation or Union; and
- v. Perform such other functions as may be authorized by the BOD or by the GA.

*b. Vice-Chairperson* – the Vice-Chairperson shall:

- i. Perform all the duties and responsibilities of the Chairperson in the absence of the latter;
- ii. Act as Ex-Officio Chairperson of the Education and Training Committee; and
- iii. Perform such other duties as may be delegated by the board of directors.

*c. Treasurer* – The Treasurer shall:

- i. Ensure that all cash collections are deposited in accordance with the policies set by the BOD;
- ii. Have custody of all funds, securities, and documentations relating to all assets, liabilities, income and expenditures;



- iii. Monitor and review the financial management operations of the cooperative, subject to such limitations and control as may be prescribed by BOD;
- iv. Maintain full and complete records of cash transactions;
- v. Maintain a Petty Cash Fund and Daily Cash Position Report; and
- vi. Perform such other functions as may be prescribed in this By-laws

d. **Secretary** – The Secretary shall:

- i. Keep an updated and complete registry of all members Record, prepare and maintain records of all minutes of all meetings of the BOD & the GA;
- ii. Ensure that necessary BODs' actions and decisions are transmitted to the management for compliance and implementation;
- iii. Issue and certify the list of members who are in good standing and entitled to vote as determined by the BOD;
- iv. Prepare and issue Share Certificates;
- v. Serve notice of all meetings called and certify the presence of quorum of all meetings of the BOD and GA;
- vi. Keep copy of the Treasurer's report & other reports;
- vii. Keep and maintain the Share & Transfer Book;
- viii. Serve as custodian of the cooperative seal; and
- ix. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

e. **General Manager**. The General Manager shall:

- i. Oversee the overall day-to-day business operations of the cooperative by providing general direction, supervision, management and administrative control over all the operating departments subject to such limitations as may be set forth by the BOD or the GA;
- ii. Formulate and recommend in coordination with the operating departments under his/her supervision, the Cooperative's Annual and Medium Term Development Plan, programs and projects, for approval of the BOD and ratification of GA;
- iii. Implement the duly approved plans and programs of the cooperative and any other directive or instruction of the BODs;
- iv. Provide and submit to the BODs monthly reports on the status of the coop's operation vis-a-vis its target and recommend appropriate policy or operational changes, if necessary;
- v. Represent the cooperative in any agreement, contract, business dealings, and in any other official business transaction as may be authorized by the BODs;
- vi. Ensure compliance with all administrative and other requirements of regulatory bodies; and
- vii. Perform such other functions as may be prescribed in the By-laws or authorized by the GA.

**Section 2. 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/her duties, any interest or equity adverse to the Cooperative in respect to any matter which has been reposed in him/her in confidence, he/she shall, as a trustee for the Cooperative, be liable for damages or loss of profits which otherwise would have accrued to the Cooperative.

**Section 3. Management Staff.** A core management team composed of *manager, cashier, bookkeeper, accountant*, and other position as may be necessary or as provided for in their Human Resource Manual shall take charge of the day-to-day operations of the cooperative. The Board of Directors shall appoint, fix their compensation and prescribe for the functions and responsibilities.

**Section 4. Qualification of the General Manager.** No person shall be appointed to the position of general manager unless he/she possesses the following qualifications and none of the disqualifications herein enumerated:

- a. Must be familiar with the business operation of the Cooperative;
- b. Must have at least two (2) years experience in the operations of Cooperative or related business;
- c. Must not be engaged directly or indirectly in any activity similar to the business of the Cooperative;
- d. Must not have been convicted of any administrative, civil or criminal cases involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
- e. Must be of good moral character;
- f. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment; and
- g. Must undergo pre-service and/or in-service trainings.

**Section 5. Duties of Cashier.** The Cashier of the Cooperative, who shall be under supervision and control of the General Manager shall:

- a. Handles monetary transactions;
- b. Receives/collects payments and deposits;
- c. Responsible for money received and expended;
- d. Prepares reports on money matters; and
- e. Perform such other duties as the Board of Directors may require.

**Section 6. Duties of the Accountant.** The Accountant of the Cooperative, who shall be under 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 Chairperson of the Audit Committee; and
- e. Perform such other duties as the Board of Directors may require.

**Section 7. Duties of the Bookkeeper.** The bookkeeper of the Cooperative who is under supervision and control of the Accountant shall:

- a. Records and update books of accounts;
- b. Provide assistance in the preparation of 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. 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 Chairperson of the Audit Committee; and
- d. Perform such other duties as the Board of Directors may require.

**Section 8. Qualifications of Accountant, Cashier, and Bookkeeper.** No person shall be appointed to the position of accountant and bookkeeper unless they possess the following qualifications and none of the disqualifications herein enumerated:

- a. Bachelors degree in accountancy must be required for Accountant, however, Cashier and Bookkeeper must be knowledgeable in handling monetary transactions, accounting and bookkeeping;
- b. Must have at least two (2) years experience in Cooperative or related business;
- c. Must not be engaged directly or indirectly in any activity similar to the business of the Cooperative;
- d. Must not be convicted of any administrative, civil or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
- e. Must be of good moral character;
- f. Must be willing to undergo pre-service and/or in-service trainings in accounting; and
- g. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment.

**Section 9. Compensation.** Subject to the approval of the general assembly, the members of the Board of Directors 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, further, that the directors and officers shall not be entitled to any *per diem* when, if in the preceding calendar year, the cooperative reported a net loss or had a dividend rate less than the official inflation rate for the same year.

## **ARTICLE VII Capital Structure**

**Section 1. Source of Funds.** The Cooperative may derive its funds from any or all of the following sources:

- a. Member's share capital contribution;
- b. Loans and borrowings including deposits;
- c. Revolving capital build-up which consist of the deferred payment of patronage refund or interest on share capital;
- d. Subsidies, grants, legacies, aids, donation and such other assistance from any local or foreign institution, public or private;

- e. Retentions from the proceeds of services acquired /goods procured by members; and
- f. Other sources of funds as may be authorized by law.

**Section 2. Continuous Capital Build-Up.** Every member shall have invested in any or all of the following:

- a. At least \_\_\_\_\_Pesos (P\_\_\_\_\_)per month;
- b. At least \_\_\_\_ percent (\_\_\_%) of his/her annual interest on capital and patronage refund; and
- c. At least \_\_\_\_\_ percent (\_\_\_%) of each good procured /service acquired from the cooperative.

**Section 3. Borrowing.** The Board of Directors, upon approval of the General Assembly, may borrow funds from any source, local or foreign, under such terms and conditions that best serve the interest of the Cooperative.

**Section 4. 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 privileges or restrictions as may be deemed just and equitable.

**Section 5. 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 acquired and/or goods procured by members.

**Section 6. Share Capital Contribution.** Share Capital Contribution refers to the value of capital subscribed and paid for by a member in accordance with its Articles of Cooperation.

**Section 7. Share Capital Certificate.** The Board of Directors shall issue a Share Capital Certificate only to a member who has fully paid his/her subscription. The Certificate shall be serially numbered and contain the share holder's name, the number of shares owned, the par value, and duly signed by the Chairperson 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 number of paid share required for the issuance of Share Capital Certificate shall be determined by the Board of Directors.

The shares may be purchased, owned or held only by persons who are eligible for membership. Subject to existing government rules or laws, interests 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 8. 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 provided that:

- a. He has held such shares or interests for not less than one (1) 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 of Directors 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 certificate have been endorsed and surrendered to the Cooperative and a new certificate is issued in the name of the member-transferee. The corresponding transfer fee shall be collected from the transferee as prescribed in the cooperative policy.

In case of lost or destroyed share certificate, the Board of Directors may issue a replacement after the owner thereof executes a sworn affidavit, 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;
- c. The lost or destroyed certificate has never been transferred, sold or endorsed to any third party, that should the same be found, the owner shall surrender it to the cooperative; and
- d. That any false representation or statement made in the aforesaid affidavit shall be a ground for expulsion from the cooperative.

**ARTICLE VIII  
Operations**

Section 1. **Primary Consideration.** Adhering to the principle of service over and above profit, the Cooperative shall endeavor to:

- a. Engage in:
  - i. \_\_\_\_\_
  - ii. \_\_\_\_\_
  - iii. \_\_\_\_\_
  - iv. \_\_\_\_\_
  - v. \_\_\_\_\_
- b. Formulate and implement program strategies that will provide its members and the communities within its area of operation needed goods/services;
- c. Adopt and implement plans and programs which ensure the continued build-up of the cooperative’s capital structure with the end view of establishing other needed services for the members and the public;
- d. Formulate and implement studies and/or programs that will address the needs of members.

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

Section 1. **Allocation** - At the end of its 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, provided, *that in the first five (5) years of operation after registration, this amount shall not be less than fifty per centum (50%) of the net surplus:*

- i. 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.
- ii. 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 any time for any project that would expand the operations of the cooperative upon the resolution of the general assembly.
- iii. Upon the dissolution of the cooperative, the reserve fund shall not be distributed among the members. However, the general assembly may resolve:
  - a. To establish usufructuary fund for the benefit of any federation or union to which the cooperative is affiliated; or
  - b. To donate, contribute or otherwise dispose of the amount for the benefit of the community where the cooperative operates. If the member 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.

**b. Education and Training Fund.** \_\_\_\_\_ percent (\_\_\_\_%) shall be set aside for Education and Training Fund.

- i. Half of the amount allocated to the education and training fund annually under this subsection may be spent by the cooperative for education and training purposes; while the other half may be remitted to a union or federation chosen by the cooperative or of which it is a member.
- ii. 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 chosen union or federation.

**c. Community Development Fund.** \_\_\_\_\_percent (\_\_\_\_%) shall be used for projects and activities that will benefit the community where the cooperative operates.

**d. Optional Fund.** \_\_\_\_\_percent (\_\_\_\_%) shall be set aside for Optional Fund for land and building, and any other necessary fund.

**Section 2. 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 investment and patronage refunds. Provided, that any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserved to the reserve fund. 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, provided that:

- a. In the case of a member patron with paid-up share capital contribution, his/her proportionate amount of patronage refund shall be paid to him/her unless he/she agrees to credit the amount to his/her account as additional share capital contribution;

- b. In the case of member patron with unpaid share capital contribution, his/her proportionate amount of patronage refund shall be credited to his/her account until the share capital has been fully paid;
- c. In the case of non-member patron, his/her proportionate amount of patronage refunds shall be set aside in a general fund for such patron and shall be allocated to individual non-member patron and only upon request and presentation of evidence of the amount of his/her patronage. The amount so allocated shall be credited to such patron toward payment of the minimum capital contribution for membership. When a sum equal to this amount has accumulated at any time within *two (2)* years, such patron shall be deemed and become a member of the cooperative if he/she so agrees or requests and complies with the provisions of the bylaws for admission to membership; and
- d. If within the period specified hereof, any subscriber who has not fully paid his/her subscribed share capital or any non-member patron who has accumulated, the sum necessary for membership, but who does not request nor agree to become a member or fails to comply with the provisions of this bylaws for admission to membership, the amount so accumulated or credited to their account together with any part of the general fund for non-member patron shall be credited to the Reserve Fund or to the Education And Training Fund of the cooperative, at the option of the cooperative.

## **ARTICLE X Settlement of Disputes**

*Section 1. Mediation and Conciliation.* All inter and intra-cooperative disputes shall be settled within the cooperative in accordance with the pertinent Guidelines issued by the Cooperative Development Authority, Art. 137 Of Republic Act No. 9520 and its Implementing Rules and Regulations, Alternative Dispute Resolution Act of 2004 and its suppletory laws.

*Section 2. Voluntary Arbitration.* Any dispute, controversy or claim arising out of or relating to this By-laws, the cooperative law and related rules, administrative guidelines of the Cooperative Development Authority, including disputes involving members, officers, directors, and committee members, intra-cooperative disputes and related issues, and any question regarding the existence, interpretation, validity, breach or termination of agreements, or the membership/general assembly concerns shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Cooperative Development Authority, after compliance with the conciliation or mediation mechanisms embodied in the bylaws of the cooperative, and in such other applicable laws.

## **Article XI Miscellaneous**

*Section 1. 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. Any reputable bank in the locality or any cooperative and cooperative banks;
  - c. Securities issued or guaranteed by Government;
  - d. Real Estate primarily for the use of the Cooperative or its members;
- or

- e. In any other manner approved by the general assembly.

**Section 2. 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 laws, rules and regulations.

**Section 3. Financial Audit, Performance Audit, and Social Audit.** At least once a year, the Board of Directors shall cause, in consultation with the Audit Committee, the audit of the books of accounts of the Cooperative, performance audit and social audit by CDA Accredited Independent Certified Public Accountant, Accredited Social Auditor, and Cooperative Compliance Officer/Audit Committee.

**Section 4. Annual Report.** During the annual regular assembly meeting, the Cooperative shall submit a report of its operation to the general assembly together with the audited financial statements, performance audit and social audit reports. The annual report shall be certified by the Chairperson and Manager of the Cooperative as true and correct in all aspects to the best of their knowledge. The audited financial statements and social audit reports shall be certified by CDA Accredited Independent Auditors.

The cooperative shall submit the following reports to the Authority within (120) days from the end of every calendar year:

- a. Cooperative Annual Performance Report (CAPR);
- b. Social Audit Report;
- c. Performance Report;
- d. Audited Financial Statement duly stamped "Received" by BIR;
- e. List of officers and trainings undertaken/completed.

**ARTICLE XII  
Amendments**

**Section 1. Amendment of Articles of Cooperation and By-laws.** Amendments to the Articles of Cooperation and this By-Laws may be adopted by at least two-thirds (2/3) votes of all members with voting rights without prejudice to the rights of dissenting members to withdraw their membership under the provisions of the Philippine Cooperative Code of 2008.

The amendment/s shall take effect upon approval by the Cooperative Development Authority.

Voted and adopted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_, Philippines.

Names	Signature




We, constituting the majority of the Board of Directors of the \_\_\_\_\_ do hereby certify that the foregoing instrument is the Code of By-laws of this Cooperative.

Signed this \_\_\_th of \_\_\_\_\_, 20\_\_\_, in \_\_\_\_\_.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Vice Chairperson

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## BY-LAWS

### OF

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#### **KNOW ALL MEN BY THESE PRESENTS:**

We, the undersigned duly authorized representative(s) of our respective cooperatives, all of legal age and Filipino citizens, have on this day voluntarily organized a (Secondary/Tertiary) Cooperative Union, do hereby adopt the following By-laws.

#### **Article I Purpose/s and Goals**

The purpose/s and goals of this Cooperative Union are those set forth in its Articles of Cooperation.

#### **Article II Membership**

Section 1. **Membership.** This Cooperative Union shall have \_\_\_\_\_ members.

Section 2. **Qualification for Membership** - The membership of this Cooperative Union is open to any registered \_\_\_\_\_, within the common bond of membership.

#### **Section 3. Requirements for Membership.**

A member must have complied with the following requirements:

- a. Approved application for membership;
- b. General Assembly Resolution;
- c. Board of Director Resolution on authorized representative;
- d. Certification of line of business activities engaged in;
- e. Subscribed and paid the required minimum share capital and membership fee; and
- f. \_\_\_\_\_

Section 4. **Application for Membership.** An applicant for membership shall file a duly accomplished form to the Board of Directors who shall act upon the application within \_\_\_\_\_ (\_\_\_\_) days from the date of filing. The Board of Directors shall devise a form for the purpose which shall, aside from the profile of the applicant cooperative, include the duties of an affiliate to participate in all programs including but not limited to capital build-up, patronizing the businesses and services and savings mobilization of the federation and, such other information as may be deemed necessary.

The application form for membership shall include an undertaking to uphold the By-laws, policies, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly. No application for membership shall be given due course if not accompanied with a

membership fee of \_\_\_\_\_ (*Php* \_\_\_\_\_), which shall be refunded to the applicant cooperative in case of rejection.

Section 5. **Appeal.** An applicant cooperative whose application was denied by the Board of Directors may appeal to the Appeal and Grievance Committee or the general assembly by giving notice to the Secretary of the Cooperative Union within thirty (30) days upon receipt of the decision.

Section 6. **Duties and Responsibilities of Affiliates.** Every affiliate shall have the following duties:

- a. Pay the monthly dues and whatever fees and contributions;
- b. Patronize the Cooperative Union's 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;
- f. Remit the Cooperative Education and Training Fund (CETF) due to the Federation/Union; and
- g. Promote the purposes and goals of the Cooperative Union, the success of its operations, the welfare of its affiliates and the cooperative movement in general.

Section 7. **Rights and Privileges of Affiliates.** An affiliate shall have the following rights and privileges:

- a. Attend through authorized representative during General Assembly meetings;
- b. Avail the services of the Cooperative Union, 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 Union during reasonable office hours;
- d. Secure copies of Cooperative Union's records/documents pertaining to the account information of the concerned affiliate; and
- e. Such other rights and privileges as may be granted by the General Assembly.

Section 8. **Affiliate 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 the minimum contribution required for membership;
- b. Not delinquent in the payment of its contribution, dues, fees and other accounts or obligations;
- c. Not violated any provision of cooperative laws, CDA administrative issuances, Articles of Cooperation and 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 continuing education program prescribed by the Board of Directors;
- e. Remitted the Cooperative Education and Training Fund (CETF) due to the Federation/Union; and
- f. Participated in the affairs of the Cooperative Union and patronized its services in accordance with the policies and guidelines.

Failure of the member to meet any of the above conditions shall mean suspension of voting rights subject to the declaration of the Board of Directors until the same has been lifted upon the determination of the latter.

Consequently, an affiliate entitled to vote shall have the following additional 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 Philippine Cooperative Code of 2008; and
- c. Such other rights and privileges as may be provided by the General Assembly.

**Section 9. Termination of Membership.** Termination of membership may be automatic, voluntary or involuntary, which shall have the effect of extinguishing all rights of a member in the Cooperative Union.

- a. **Automatic Termination of Membership.** The dissolution or the insolvency of an affiliate shall be considered an automatic termination of its membership in the Cooperative Union.
- b. **Voluntary Termination.** An affiliate may, for any valid reason, withdraw his membership from the Cooperative Union by giving a sixty (60) day notice to the Board of Directors.
- c. **Involuntary Termination.** An affiliate may be terminated by a vote of the majority of all the members of the Board of Directors for any of the following causes:
  - i. Has not patronized the services of the Cooperative Union as provided for in its policies ;
  - ii. Has continuously failed to comply with its obligations as provided for in the policies of the Cooperative Union;
  - iii. Has violated any provision of this By-laws and the policies promulgated by the board of directors of the Cooperative Union; and
  - iv. For any act or omission injurious or prejudicial to the interest or the welfare of the Cooperative Union.

**Section 10. Manner of Involuntary Termination.** The Board of Directors shall notify in writing the affiliate which is being considered for termination and shall give them the opportunity to be heard.

The decision of the Board of Directors shall be in writing and shall be communicated in person or by registered mail to said member and shall be appealable within thirty (30) days from receipt thereof to the General Assembly whose decision shall be final.

### **ARTICLE III Administration**

**Section 1. The General Assembly (GA).** The General Assembly is composed of all the members entitled to vote, duly assembled and constituting a quorum and is the highest policy-making body of the Cooperative Union.

**Section 2. Powers of the General Assembly.** Subject to the pertinent provisions of the Cooperative Code and the rules issued thereunder, the

General Assembly shall have the following exclusive powers which cannot be delegated:

- a. To determine and approve amendments to the cooperative Articles of Cooperation and By-laws;
- b. To elect or appoint the members of the board of directors, and to remove them for cause;
- c. To approve developmental plans of the cooperative; and
- d. To delegate the following power/s to a smaller body of the Cooperative Union:
  - i. \_\_\_\_\_
  - ii. \_\_\_\_\_

**Section 3. 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 Union, there being a quorum, shall be valid.

**Section 4. Regular General Assembly Meeting.** The General Assembly shall hold its annual regular meeting at the principal office of the Cooperative Union or at any place in the Philippines within ninety (90) days after the close of its fiscal year.

**Section 5. Special General Assembly Meeting.** The Board of Directors may, by a majority vote of all its affiliates, 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 one (1) month from receipt of a written request from a) at least ten percent (10%) of the total number of affiliates entitled to vote; b) the Audit Committee; or c) upon Order of the Cooperative Development Authority.

**Section 6. Notice of Meeting.** All notices of meetings shall be in writing and shall include the date, time, place, and agenda thereof stated therein.

- a. *Regular General Assembly Meeting.* Notice of the annual regular General Assembly meeting shall be served by the Secretary, personally or his duly authorized representative, by registered mail, or by electronic means to all affiliates of record at its last known postal address, or by posting or publication, or through other electronic means, at least one (1) week 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.
- b. *Special General Assembly Meeting.* Notice of any Special General Assembly meeting shall be served by the Secretary personally or his duly authorized representative, by registered mail, or by electronic means upon each members who are entitled to vote at his last known postal address, or by posting or publication, or through other electronic means, 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.
- c. *Waiver of Notice.* Notice of any meeting may be waived, expressly or impliedly, by the affiliate concerned.

*Section 7. Order of Business.* As far as practicable, the order of business of a regular general assembly meeting shall be:

- a. Call to order;
- b. Declaration/Consideration of presence of quorum;
- c. Reading, consideration and approval of the minutes of the previous meeting;
- d. Presentation and approval of the reports of the board of directors, officers, and the committees, including audited financial statements of the Cooperative Union;
- e. Unfinished business;
- f. New business;
  - i. h.1 Election of directors and committee members
  - ii. h.2 Approval of Development and/or annual Plan and Budget
  - iii. h.3 Hiring of External Auditor
  - iv. h.4 Other related business matters
- g. Announcements; and
- h. Adjournment

*Section 8. Quorum for General Assembly Meeting.* During regular or special general assembly meeting, at least \_\_\_\_\_ percent (\_\_\_\_%) of the total number of affiliates entitled to vote shall constitute a quorum.

*Section 9. Voting System.* Only affiliates entitled to vote shall be qualified to participate and vote in any general assembly meeting. The votes cast by the representative/delegate duly authorized shall be deemed as votes cast by the affiliates.

Election 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.

#### **ARTICLE IV Board of Directors**

*Section 1. Composition of the Board of Directors (BOD).* The Board of Directors shall be composed of \_\_\_\_\_ ( ) members.

*Section 2. Functions and Responsibilities.* The Board of Directors shall have the following functions and responsibilities:

- a. Provide general policy direction;
- b. Formulate the strategic development plan;
- c. Determine and prescribe the organizational and operational structure;
- d. Review the Annual Plan and Budget and recommend for the approval of the GA;
- e. Establish policies and procedures for the effective operation and ensure proper implementation of such;
- f. Evaluate the capability and qualification and recommend to the General Assembly the engagement of the services of the External Auditor;
- g. Appoint the members of the Mediation/ Conciliation and Ethics Committees and other Officers as specified in the Code and Cooperative Union's By-laws;
- h. Decide election related cases involving the Election Committee and its members in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act No. 9520, Memorandum Circulars issued

- by the Cooperative Development Authority, Alternate Dispute Resolution Act of 2004 and its supplementary laws;
- i. Act on the recommendation of the Ethics Committee on cases involving violations of Code of Governance and Ethical Standards in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act No. 9520, Memorandum Circulars issued by the Cooperative Development Authority, Alternate Dispute Resolution Act of 2004 and its supplementary laws; and
  - j. Perform such other functions as may be prescribed in the By-laws or authorized by the General Assembly;

**Section 3. Qualifications.** Any affiliate who is entitled to vote and has the following qualifications can be elected or continue as member of the Board of Directors:

- a. Has paid the minimum capital requirement;
- b. Has no delinquent account with the Cooperative Union;
- c. Have continuously patronized the Cooperative Union's services;
- d. An affiliate in good standing for the last two (2) years;
- e. Completed or willingness to complete within the prescribed period the required education and training whichever is applicable; and
- f. Other qualifications prescribed in the rules and regulations of the Authority.

**Section 4. Disqualifications.** Any affiliate representative 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 a party list representative being an officer of a cooperative he or she represents;
- b. The members of the Board of Directors holding other position directly involved in the day-to-day operation and management of the cooperative he/she represents;
- c. Having direct or indirect personal interest with the business of the Cooperative Union;
- d. Having been absent for three (3) consecutive meetings or in more than fifty percent (50%) of all meetings within the twelve (12) month period unless with valid excuse as approved by the board of directors;
- e. Having been convicted in administrative proceedings or civil/criminal suits involving financial and/or property accountability; and
- f. Having been disqualified by law.

**Section 5. Election of Directors.** The members of the Board of Directors shall be elected, by secret ballot, by the affiliates, who are duly authorized representatives, who are entitled to vote during the annual regular General Assembly meeting or special general assembly meeting called for the purpose. Unless earlier removed for cause, or have resigned or become incapacitated, they shall hold office for a term of \_\_\_\_\_ ( ) years or until their successors shall have been elected and qualified; Provided, that majority 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 (1) year. Thereafter, all directors shall serve for a term of \_\_\_\_\_ ( ) years; The term of the cooperating directors shall expire upon the election of their successors in the first regular general assembly after registration.

**Section 6. Election of Officer within the Board of Directors.** The Board of Directors shall convene within ten (10) days after the General Assembly meeting to elect by secret ballot from among themselves the Chairperson and the Vice-Chairperson, appoint the Secretary and to elect Treasurer from outside of the Board.

For committees elected by the General Assembly and/or appointed by the BOD, procedural process of electing the Chairperson, Vice-Chairperson or other positions among themselves should be in accordance with the process mentioned above.

**Section 7. Meeting of the Board of Directors.** The regular meeting of the Board of Directors shall be held at least once a month. However, the Chairperson 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 through the Secretary stating the date, time and place of such meeting and the matters to be considered. Notice of regular and special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing or thru electronic means to each director at least two (2) days before such meeting.

Majority of the total number of directors constitutes a quorum to transact business of the meeting. 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 8. Vacancies.** Any vacancy occurring in the Board of Directors by reason of death, incapacity, removal or resignation may be filled-up 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 temporarily 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 9. Removal of Members of the Board of Directors and Committee Members.** All complaints for the removal of any elected officer shall be filed with the Board of Directors and such officer shall be given the opportunity to be heard. Majority of the Board of Directors may place the officer concerned under preventive suspension pending the resolution of the investigation. Upon finding of a *prima facie* evidence of guilt, the Board of Directors shall present its recommendation for removal to the General Assembly. An elective officer may be removed by three-fourths ( $\frac{3}{4}$ ) of the regular members present and constituting a quorum, in a regular or special general assembly meeting called for the purpose. The officer concerned shall be given the opportunity to be heard at said Assembly. For this purpose, the Board of Directors shall provide policy on suspension.



In cases where the officers sought to be removed consist of the majority of the BOD, at least 10% of the affiliates with voting rights may file a petition with the CDA, upon failure of the BOD to call an assembly meeting for the purpose to commence the proceeding for their removal within thirty (30) days from notice. The decision of the GA on the matter is final and executory.

An officer appointed by the Board of Directors may be removed from office for cause by a majority vote of all the members of the Board of Directors.

**Section 10. Prohibitions.** Any members of the Board of Directors shall not hold any other position directly involved in the day-to-day operation and management of the Cooperative Union nor engage in any services similar to that of the Cooperative Union or who in any way has a conflict of interest with it.

## **ARTICLE V Committees**

**Section 1. 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 one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the Cooperative Union during his term of office. The Committee shall provide internal audit service, maintain a complete record of its examination and inventory, and submit audit report quarterly or as may be required by the Board and the General Assembly.

The audit committee shall be directly accountable and responsible to the General Assembly. It shall have the power and duty to continuously monitor the adequacy and effectiveness of the Cooperative Union's management control system and audit the performance of the Cooperative Union and its various responsibility centers.

**Section 2. Functions and Responsibilities.** The Audit Committee shall:

- a. Monitor the adequacy and effectiveness of the Cooperative Union's management and control system;
- b. Audit the performance of the Cooperative Union and its various responsibility centers;
- c. Review continuously and periodically the books of account and other financial records to ensure that these are in accordance with the cooperative principles & generally accepted accounting procedures;
- d. Submit reports on the results of the internal audit and recommend necessary changes on policies and other related matters on operation to the Board of Directors and General Assembly;
- e. Recommend or petition to the Board of Directors conduct of special general assembly when necessary; and
- f. Perform such other functions as may be delegated by the BOD or authorize by the GA.

**Section 3. 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 one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election they shall elect from among themselves a Chairperson,

Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the Cooperative Union during his term of office.

Section 4. **Functions and Responsibilities.** The Election Committee shall:

- a. Formulate election rules and guidelines and recommend to the GA for approval;
- b. Implement election rules and guidelines duly approved by the GA;
- c. Recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors, for approval of the GA;
- d. Supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;
- e. Canvass and certify the results of the election;
- f. Proclaim the winning candidates;
- g. Decide election and other related cases except those involving the Election Committee or its members in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations; Alternative Dispute Resolution Act of 1994 and its supplementary laws and circulars issued by the Cooperative Development Authority, and
- h. Perform such other functions as may be delegated by the BOD or authorized by the GA.

Section 5. **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 one (1) year, without prejudice to their reappointment. Within ten (10) days after their appointment, they shall elect from among themselves a Vice-Chairperson and a Secretary. The Vice-Chairperson of the Board of Directors shall act as the Chairperson of the Committee.

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

Section 6. **Functions and Responsibilities.** The Education and Training Committee shall:

- a. Keep members, officers, staff well-informed regarding cooperative's goals/objectives, policies & procedures, services, etc.;
- b. Plan and implement educational program for coop members, officers and staff;
- c. Develop promotional and training materials for the cooperative; and
- d. Conduct/Coordinate training activities.
- e. Perform such other functions as may be delegated by the BOD or authorized by the GA.

Section 7. **Mediation and Conciliation Committee.** A Mediation and Conciliation Committee is hereby created and shall be composed of \_\_\_\_\_ ( ) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative Union during his term of office.

**Section 8. Functions and Responsibilities.** The Mediation and Conciliation Committee:

- a. Formulate and develop the Conciliation-Mediation Program and ensure that it is properly implemented;
- b. Monitor Conciliation-Mediation program and processes;
- c. Submit semi-annual reports of cooperative cases to the Authority within 15 days after the end of every semester;
- d. Accept and file Evaluation Reports;
- e. Submit recommendations for improvements to the BOD;
- f. Recommend to the BOD any member of the Cooperative Union for Conciliation-Mediation Training as Cooperative Mediator-Conciliator;
- g. Settle the disputes lodged in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations; Alternative Dispute Resolution Act of 1994 and its supplementary laws and circulars issued by the Cooperative Development Authority;
- h. Issue the Certificate of Non-Settlement after exhaustion of reasonable efforts to settle the disputes lodged in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations; Alternative Dispute Resolution Act of 1994 and its supplementary laws and circulars issued by the Cooperative Development Authority;
- i. Perform such other functions as may be delegated by the BOD or authorized by the GA.

**Section 9. Ethics Committee.** An Ethics Committee is hereby created and shall be composed of \_\_\_\_\_ members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice-Chairperson and a Secretary who shall serve for a term of one (1) year or until successors shall have been appointed and qualified. No member of the Committee shall hold any other position in the Cooperative Union during his term of office.

**Section 10. Functions and Responsibilities.** The Ethics Committee shall:

- a. Develop Code of Governance and Ethical Standard to be observed by the affiliates, officers and employees of the Cooperative Union subject to the approval of the BOD and ratification of the GA;
- b. Disseminate, promote and implement the approved Code of Governance and Ethical Standards;
- c. Monitor compliance with the Code of Governance and Ethical Standards and recommend to the BOD measures to address the gap, if any;
- d. Conduct initial investigation or inquiry upon receipt of a complaint involving Code of Governance and Ethical Standards and submit report to the BOD together with the appropriate sanctions in accordance with the Guidelines issued by the CDA, Art. 137 of Republic Act 9520 and its Implementing Rules and Regulations; Alternative Dispute Resolution Act of 1994 and its supplementary laws and circulars issued by the Cooperative Development Authority;
- e. Recommend ethical rules and policy to the BOD;
- f. Perform such other functions as may be delegated by the BOD or authorized by the GA.

**Section 11. Other Committees.** By a majority vote of all its affiliates, the Board of Directors may form such other committees as may be deemed necessary for the operation of the Cooperative Union.

**ARTICLE VI**  
**Officers and Management Staff**  
**of the Cooperative Union**

*Section 1. Officers and their Duties.* The officers of the Cooperative Union shall include the members of the Board of Directors, Members of the different Committees created by the General Assembly, General Manager or Chief Executive Officer, Secretary, Treasurer and members holding other positions as may be provided for in this by-laws, shall serve according to the functions and responsibilities of their respective offices as follows:

*a. Chairperson* – The Chairperson shall:

- i. Set the agenda for board meetings in coordination with the other members of the BOD;
- ii. Preside over all meetings of the Board of Directors and of the General Assembly;
- iii. Sign contracts, agreements, certificates and other documents on behalf of the Cooperative Union as authorized by the Board of Directors or by the GA; and
- iv. Perform such other functions as may be authorized by the BOD or by the GA.

*b. Vice-Chairperson* –the Vice-Chairperson shall:

- i. Perform all the duties and responsibilities of the Chairperson in the absence of the latter;
- ii. Act as ex-officio chairperson of the Education and Training Committee; And
- iii. Perform such other duties as may be delegated by the BOD.

*c. Treasurer* – The Treasurer shall:

- i. Ensure that all cash collections are deposited in accordance with the policies set by the BOD;
- ii. Have custody of all funds, securities, and documentations relating to all assets, liabilities, income and expenditures;
- iii. Monitor and review the financial management operations of the Cooperative Union, subject to such limitations and control as may be prescribed by BOD;
- iv. Maintain full and complete records of cash transactions;
- v. Maintain a Petty Cash Fund and Daily Cash Position Report; and
- vi. Perform such other functions as may be delegated by the board of directors and by the General Assembly.

*d. Secretary* – The Secretary shall:

- i. Keep an updated and complete registry of all affiliates
- ii. Prepare and maintain records of minutes of all meetings of the BOD & the GA;
- iii. Ensure that necessary BODs' actions and decisions are transmitted to the management for compliance and implementation;
- iv. Issue and certify the list of affiliates who are in good standing and entitled to vote as determined by the BOD;
- v. Prepare and issue Capital Contribution Certificates;
- vi. Serve notice of all meetings called and certify the presence of quorum of all meetings of the BOD and GA;
- vii. Keep copy of the Treasurer's report & other reports;

- viii. Serve as custodian of the cooperative Seal; and
- ix. Perform such other functions as may be prescribed be delegated by the BOD and/or by the GA.

e. **General Manager.** The General Manager shall:

- i. Oversee the overall day-to-day operations of the cooperative by providing general direction, supervision, management and administrative control over all the operating departments subject to such limitations as may be set forth by the BOD or the GA;
- ii. Formulate and recommend in coordination with the operating departments under his/her supervision, the Cooperative Union's Annual and Medium Term Development. Plan, programs and projects, for approval of the BOD, and ratification of GA;
- iii. Implement the duly approved plans and programs of the Cooperative Union and any other directive or instruction of the BODs;
- iv. Provide and submit to the BODs monthly reports on the status of the Cooperative Union's operation vis-a-vis its target and recommend appropriate policy or operational changes, if necessary;
- v. Represent the Cooperative Union in any agreement, contract, business dealings, and in any other official transaction as may be authorized by the BODs;
- vi. Ensure compliance with all administrative and other requirements of regulatory bodies;
- vii. Maintain records and accounts of the Cooperative Union in such manner that the true condition of its business may be ascertained therefrom at any time; and
- viii. Perform such other functions as may be delegated by the BOD or by the GA.

**Section 2. 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 Union 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 Union, 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 Union in respect to any matter which has been reposed in him in confidence, he shall, as a trustee for the Cooperative Union, be liable for damages or loss of profits which otherwise would have accrued to the Cooperative Union.

**Section 3. Management Staff.** A core management team composed of *Chief Executive Officer, Cashier, Bookkeeper, Accountant*, and other position as may be necessary or as provided for in their Human Resource Manual shall take charge of the day-to-day operations of the Cooperative Union. The Board of Directors shall appoint, fix their compensation and prescribe for the functions and responsibilities.

**Section 4. Qualification of the Chief Executive Officer.** No person shall be appointed to the position of Chief Executive Officer unless he/she possesses

the following qualifications and none of the disqualifications herein enumerated:

- a. Must be familiar with the operation of the Cooperative Union;
- b. Must have at least two (2) years experience in the operations of or related activities;
- c. Must not be engaged directly or indirectly in any activity similar to the operation of the Cooperative Union;
- d. Must be of good moral character;
- e. Must not have been convicted of any administrative, civil or criminal cases involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
- f. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment; and
- g. Must undergo pre-service and/or in-service trainings.

**Section 5. Duties of the Bookkeeper.** The bookkeeper of the Cooperative Union who is under supervision and control of the Chief Operating Officer shall:

- a. Records and update books of accounts;
- b. Provide assistance in the preparation of reports on the financial condition and operations of the Cooperative Union monthly, annually or as may be required by the Board of Directors and/or the general assembly;
- c. Keep, maintain and preserve all books of accounts, documents, vouchers, contracts and other records concerning the activities of the Cooperative Union and make them available for auditing purposes to the Chairperson of the Audit Committee; and
- d. Perform such other duties as the Board of Directors may require.

**Section 8. Qualifications of Bookkeeper.** No person shall be appointed to the position of bookkeeper unless he/she possess the following qualifications and none of the disqualifications herein enumerated:

- a. Must be knowledgeable in handling bookkeeping and accounting works;
- b. Must have at least two (2) years experience in Cooperative Union or related activities;
- c. Must not be engaged directly or indirectly in any activity similar to the activity of the Cooperative Union;
- d. Must not be convicted of any administrative, civil or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
- e. Must be of good moral character;
- f. Must be willing to undergo pre-service and/or in-service trainings in accounting; and
- g. Must not have been convicted of any administrative, civil or criminal case involving financial and/or property accountabilities at the time of his/her appointment.

**Section 9. Compensation.** Subject to the approval of the General Assembly, the members of the Board of Directors 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 Union, be given regular compensation.

**ARTICLE VII**  
**Structure of Funds**

*Section 1. Source of Funds.* The Cooperative Union may derive its funds from any or all of the following sources:

- a. Affiliates' share capital contribution;
- b. Membership dues;
- c. Loans and borrowings;
- d. Subsidies, grants, legacies, aids, donation and such other assistance from any local or foreign institution, public or private; and
- e. Other sources of funds as may be authorized by law.

*Section 2. Borrowing.* The Board of Directors, upon approval of the General Assembly, may borrow funds from any source, local or foreign, under such terms and conditions that best serve the interest of the Cooperative Union.

**ARTICLE VIII**  
**Operations**

*Section 1. Primary Consideration.* Adhering to the principle of service, the Cooperative Union shall endeavor to:

- a. Engage in:
  - i. \_\_\_\_\_
  - ii. \_\_\_\_\_
  - iii. \_\_\_\_\_
- b. Adopt and implement plans and programs with the end view of establishing other needed services for the members and the public;
- d. Formulate and implement studies and/or programs that will address the needs of affiliate; and
- e. Collect CETF and other dues from its affiliates.

**ARTICLE IX**  
**Settlement of Disputes**

*Section 1. Mediation and Conciliation.* All inter and intra-union disputes shall be settled within the Cooperative Union in accordance with the Guidelines issued by the Cooperative Development Authority, Art. 137 Of Republic Act No. 9520 and its Implementing Rules and Regulations, Alternative Dispute Resolution Act of 2004 and its suppletory laws.

*Section 2. Voluntary Arbitration.* Any dispute, controversy or claim arising out of or relating to this By-laws, the cooperative law and related rules, administrative guidelines of the Cooperative Development Authority, including disputes involving members, officers, directors, and committee members, intra-union disputes and related issues, and any question regarding the existence, interpretation, validity, breach or termination of agreements, or the membership/general assembly concerns shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the Cooperative Development Authority, after compliance with the conciliation or mediation mechanisms embodied in the by-laws of the Cooperative Union, and in such other applicable laws.

## **Article X Miscellaneous**

**Section 1. Investment of Funds.** The Cooperative Union may invest its fund in any or all of the following:

- a. Shares or debentures or securities;
- b. Any reputable bank in the locality or any tertiary federation of which it is a member and cooperative banks;
- c. Securities issued or guaranteed by Government;
- d. Real Estate primarily for the use of the Cooperative Union or its affiliates; or
- e. In any other manner approved by the General Assembly.

**Section 2. Accounting System.** The Cooperative Union 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 laws, rules and regulations.

**Section 3. Financial Audit, Performance Audit, and Social Audit.** At least once a year, the Board of Directors shall cause, in consultation with the Audit Committee, the audit of the books of accounts of the Cooperative Union, performance audit and social audit by CDA Accredited Independent Certified Public Accountant, Accredited Social Auditor, and Cooperative Union's Compliance Officer/Audit Committee.

**Section 4. Annual Report.** During the annual regular assembly meeting, the Cooperative Union shall submit a report of its operation to the general assembly together with the audited financial statements, performance audit and social audit reports. The annual report shall be certified by the Chairperson and Manager of the Cooperative Union as true and correct in all aspects to the best of their knowledge. The audited financial statements and social audit reports shall be certified by CDA Accredited Independent Auditors.

The Cooperative Union shall submit the following reports to the Authority within (120) days from the end of every calendar year:

- a. Cooperative Annual Performance Report (CAPR);
- b. Social Audit Report;
- c. Performance Report;
- d. Audited Financial Statement duly stamped "Received" by BIR;
- e. List of officers and trainings undertaken/completed;
- f. List of cooperatives which have remitted their respective Cooperative Education and Training Funds (CETF);
- g. Consultancy assistance to include the nature and cost; and
- h. Other training activities undertaken specifying therein the nature, participants, and cost of the activity.

## **ARTICLE XI Amendments**

**Section 1. Amendment of Articles of Cooperation and By-laws.** Amendments to the Articles of Cooperation and this By-Laws may be adopted by at least two-thirds (2/3) votes of all members with voting rights without prejudice to the rights of dissenting members to withdraw their



membership under the provisions of the Philippine Cooperative Code of 2008.

The amendment/s shall take effect upon approval by the Cooperative Development Authority.

Voted and adopted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_, Philippines.

Name of Affiliate	Name of Representative	Signature

We, constituting the majority of the Board of Directors of the \_\_\_\_\_ do hereby certify that the foregoing instrument is the Code of By-laws of this Cooperative Union.

Signed this \_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_, in \_\_\_\_\_.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Vice Chairperson

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**TREASURER'S AFFIDAVIT**

Republic of the Philippines )  
Prov./City/Mun. \_\_\_\_\_) S.S.  
x-----x

I, \_\_\_\_\_ after having been duly sworn to in accordance with law, do hereby depose and say:

1. That I am the duly elected Treasurer of the \_\_\_\_\_ to act as such until my successor shall have been appointed and qualified in accordance with the By-laws of the Federation;

2. That as such, I hereby certify that the authorized share capital of this cooperative is \_\_\_\_\_ (Php \_\_\_\_\_ )

3. That the subscribed share capital of the cooperative is \_\_\_\_\_ (Php\_\_\_\_\_ ) which is at least twenty five (25%) percent of the authorized capital ;

4. That the paid-up share capital of the cooperative is \_\_\_\_\_ (Php\_\_\_\_\_ ) which is at least twenty five (25%) percent of the subscribed capital; and

5. That the total membership fees paid is \_\_\_\_\_ (Php \_\_\_\_\_).

6. That I have actually received the total paid-up share capital and membership fee.

IN WITNESS WHEREOF, I have hereunto affixed my signature this \_\_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, Philippines.

\_\_\_\_\_  
Affiant

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, Philippines, by \_\_\_\_\_ who exhibited to me his/her Proof of Identity \_\_\_\_\_ issued on \_\_\_\_\_, in \_\_\_\_\_, Philippines.

**Notary Public**

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

**TREASURER’S AFFIDAVIT**

Republic of the Philippines )  
Prov./City/Mun. \_\_\_\_\_) S.S.  
x-----x

I, \_\_\_\_\_ after having been duly sworn to in accordance with law, do hereby depose and say:

1. That I am the duly elected Treasurer of the \_\_\_\_\_ to act as such until my successor shall have been appointed and qualified in accordance with the By-laws of the Cooperative;

2. That as such, I hereby certify that the authorized share capital of this cooperative is \_\_\_\_\_ (Php \_\_\_\_\_ )

3. That the subscribed share capital of the cooperative is \_\_\_\_\_ (Php \_\_\_\_\_) which is at least twenty five (25%) percent of the authorized capital ;

4. That the paid-up share capital of the cooperative is \_\_\_\_\_ (Php \_\_\_\_\_) which is at least twenty five (25%) percent of the subscribed capital; and

5. That the total membership fees paid is \_\_\_\_\_ (Php \_\_\_\_\_).

6. That I have actually received the total paid-up share capital and membership fee.

IN WITNESS WHEREOF, I have hereunto affixed my signature this \_\_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, Philippines.

\_\_\_\_\_  
Affiant

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, Philippines, by \_\_\_\_\_ who exhibited to me his/her Proof of Identity \_\_\_\_\_ issued on \_\_\_\_\_, in \_\_\_\_\_, Philippines.

**Notary Public**

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Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

**TREASURER’S AFFIDAVIT**

Republic of the Philippines )  
Prov./City/Mun. \_\_\_\_\_) S.S.  
x-----x

I, \_\_\_\_\_, after having been duly sworn to in accordance with law, do hereby depose and say:

1. That I am the duly elected Treasurer of the \_\_\_\_\_  
to act as such until my successor shall have been appointed and qualified in accordance with the By-laws of the Cooperative Union;
2. That as such, I hereby certify that the actual total capital contribution collected for the registration of this Cooperative Union is \_\_\_\_\_ (Php \_\_\_\_\_); and
3. That the total membership fees paid and actually received by me is \_\_\_\_\_ (Php \_\_\_\_\_).

IN WITNESS WHEREOF, I have hereunto affixed my signature this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_, Philippines.

\_\_\_\_\_  
Affiant

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_, Philippines, by \_\_\_\_\_ who exhibited to me his/her Proof of Identity \_\_\_\_\_ issued on \_\_\_\_\_, in \_\_\_\_\_, Philippines.

**Notary Public**

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