

(Sgd.) Dr. Cerina C. Bolos (Sgd.) Dr. Sylvia L. Flores (Sgd.) Mr. Desiderio Tante (Sgd.) Dr. Mauricio Cajés (Sgd.) Engr. Jose Mancelita (Sgd.) Msgr. Enrique Samson (Sgd.) Mr. Rodolfo E. Perez

## AMENDED

## BY-LAWS

of the

### Philippine Federation of Credit Cooperatives – Visayas (PFCCO-Visayas)

#### KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned Filipino citizens, all of legal age and residents of the Philippines, representing at least majority of the members of the Philippine Federation of Credit Cooperatives- Visayas (PFCCO-Visayas) a secondary cooperative, do hereby adopt the following code of By-laws.

#### ARTICLE I Purpose

**Section 1. Purpose.** The purpose of this FEDERATION is set forth in its Articles of Cooperation.

#### ARTICLE II Objectives

**Section 1. Objectives.** The objectives of this FEDERATION are those enumerated in its Articles of Cooperation.

#### ARTICLE III Membership

##### Section 1. Bond and Field of Membership

- a.) Regular Membership in this FEDERATION be open to any registered Credit and Multi-Purpose Cooperatives with saving and loan services which can make use of the services of the FEDERATION subscribed to its aims and purposes, agree to abide by these by-laws and are willing to accept the responsibilities of membership. Cooperatives within a proximate area shall organize themselves into Chapter/s. Other types of Coops w/ Savings and Loan Operation may join.
- b.) Member-cooperatives are either regular or associate. Regular members shall invest in the League's Central Finance Facility, pay annual dues, remit the CETF, participate in the savings and capital build-up, and such, are eligible to elective offices and have voting powers;

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- c. Associate members shall pay annual dues, remit CETF, and may deposit in the Central Finance Facility, however, they are not eligible to elective offices and cannot vote. In addition, Associate members shall within two (2) years from date of membership shall have complied with the minimum share capital requirement and become a regular member. Failure to do so, will mean automatic termination of membership and all deposits shall be credited to the General Reserve fund of the League.

### **Section 2. Application for Membership.**

An applicant for membership shall file a duly accomplished form with the Board of Directors who may accept or deny it within thirty (30) 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 duty of a member to participate in all capital build-up and savings mobilization programs of the co-operative and such other information as may be deemed necessary.

No application for membership shall be given due course if not accompanied by proof of payment of membership fee of **ONE THOUSAND PESOS (P1,000.00)**, and initial minimum share capital subscription which shall be refunded to the applicant in case of rejection.

### **Section 3. Minimum Share Capital Subscription.**

An applicant shall subscribe at least **Twenty (20) shares and pay the value of at least Five (5) shares** upon approval of his/her membership. **The member shall pay the subscription within a period of two (2) years.**

However, no member shall own or hold more than ten percent (10%) of the total subscribed share capital of the FEDERATION. The Board of Directors shall issue membership certificate and subscription agreement with such terms and conditions as may be deemed equitable.

**Section 4. Appeal.** An applicant whose application was denied by the Board of Directors may appeal to the general assembly by giving notice to the Secretary of the FEDERATION within thirty (30) days before the next General Assembly meeting. For this purpose, the General Assembly may opt to create an Membership Appeals and Grievance Committee, the members of which shall serve for a period of one (1) year and shall decide appeal on membership within thirty (30) days upon receipt thereof. If the committee fails to decide within the prescribed period, the appeal is deemed approved in favor of the applicant whose decision on the matter shall be final.

**Section 5. Duties and Responsibilities of a Member.** Every member shall have the following duties:

- a) Pay the installment of their 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; and
- f) Promote the goals and objectives of the FEDERATION, the success of its business, the welfare of its members and the co-operative movement in general.
- g) **Remit 100% CETF that is due to the Federation.**
- h) **Pay the Annual Dues of five pesos (P5.00) per member in good standing but not less than One Thousand Pesos (P1,000.00) and not more than Thirty Thousand Pesos (P30,000.00)**

**Section 6. Member Entitled to Vote.** Any member who meets the following conditions is a member entitled to vote:

- a) Paid the membership fee and the value of **the minimum subscribed share capital of Twenty (20) shares to become a full-fledged member;**
- b) Not delinquent in the payment of share capital subscriptions and other accounts or obligations;
- c) Not violated any provision of this By-laws, the terms and conditions of the subscription agreement; and the decisions, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly;
- d) Completed the basic orientation training program prescribed by the Board of Directors; and
- e) Participates in the affairs of the co-operative and patronizes its businesses.

The Board of Directors, after due notice and hearing, shall suspend the right to vote of those members who fail to meet any or all of the aforesaid conditions sixty (60) days prior to the date of general assembly meeting through board resolution henceforth classified them as members not entitled to vote. The board shall promulgate procedural guidelines to evolve a mechanism for the purpose including but not limited to the restoration of right to vote.

A member who's right to vote is suspended for two consecutive years may be a ground for termination of his/her membership.

**Section 7. Rights of a Member Entitled to Vote.** A member entitled to vote shall have the following rights:

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

- e) Such other rights and privileges as may be provided by the General Assembly.

**Section 8. Liability of Members.** A member shall be liable for the debts of the FEDERATION only to the extent of their subscribed share capital.

**Section 9. Termination of Membership.** Termination of membership, which may be automatic, voluntary or involuntary, shall have the effect of extinguishing all rights of a member in the FEDERATION or in its assets, subject to the provisions of Article III Section 11 of this by-laws and as may be provided by the general assembly.

- a) **Automatic Termination.** The death, insanity, permanent incapacity or judicial declaration by a competent court of the insolvency of a member shall be considered automatic termination of his/her membership in the FEDERATION.
- b) **Voluntary Termination.** A member may, for any reason, withdraw their membership from the FEDERATION by giving a sixty (60) day notice to the Board of Directors. Provided, however, that any member whose membership withdrawal is approved by the board and has any pending obligation with the co-operative over and above their share capital and deposits shall not be allowed for refund or transfer of his/her share capital including withdrawal of deposits and interests thereof unless they settles first such obligation.
- 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:
- When they (has) **have** not patronized the services/businesses of the FEDERATION for more than twelve (12) months;
  - When they (has) **have** continuously failed to comply with their obligations;
  - When they (has) **have** violated any provision of this By-laws and the rules promulgated by the FEDERATION; and
  - For any act or omission injuries or prejudicial to the interest or the welfare of the FEDERATION.

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

After hearing, the Board of Directors shall render its decision in writing within THIRTY (30) days and the same shall be given to said member by the Secretary of the Board, personally or by registered mail. (The decision of the Board shall be appealable within thirty (30) days from receipt thereof to the general assembly. For this purpose, the General Assembly may opt to create an Appeal and Grievance Committee, the members of which shall serve for a period of one (1) year and shall decide appeal on membership within thirty (30) days upon receipt thereof. If the committee fails to decide within the prescribed period, the appeal is deemed approved in favor of the applicant whose decision on the matter shall be final. Pending resolution by the general assembly, his/her membership remains valid and in force.) **The decision of the Board shall be**



appealable within thirty (30) days from receipt thereof to the general assembly.

**Section 11. Refund of Share Capital Contribution.** Notwithstanding the provision of Article III Section 9 paragraph (c), a member whose membership is terminated shall be entitled to a refund of (their) its share capital contribution and all other interests in the FEDERATION less outstanding loan obligations and other financial accountabilities. 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 member 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. Upon the acceptance of its withdrawal or approval of their termination, however, he/she loses his/her right to attend, participate and vote in any meeting of the Board of Directors or the general assembly.

#### ARTICLE IV Government

**Section 1. The General Assembly.** The general assembly is composed of all the members entitled to vote and is the highest policy-making body of the FEDERATION.

**Section 2. Powers of the General Assembly.** Subject to the provisions of the Philippine Cooperatives Code and the rules and regulations issued there under, the general assembly duly assembled shall have the following powers:

- a) To adopt and amend the articles of cooperation and by-laws, in accordance with law;
- b) To elect members of the board of directors, audit and election committees and remove them for cause;
- c) To review, modify, reject or approve developmental plans and programs of the FEDERATION;
- d) To hear and pass upon the reports of the Board of Directors, Officers and committees;
- e) To take final decision on any substantial change in the financial and operational policies of the FEDERATION;
- f) To enter into merger or consolidation with other FEDERATION;
- g) To approve the plan of division of the FEDERATION;
- h) To delegate the power to decide on appeal for disapproval of application for and involuntary termination of membership to Appeals and Grievance Committee; and
- i) To delegate the power to review and determine the amendment to the articles of cooperation and by-laws to a smaller body for final approval of the general assembly.

**Section 3. Fiscal Year.** The fiscal year of this FEDERATION shall commence on the first day of January and end on the last day of December of every year.

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Sgd.) Mr. Romulo Mendoza

*Special General Assembly Meeting.* Notice of any special general assembly meeting shall be served by the Secretary personally or his/her duly authorized representative or by registered mail upon each member 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 for which the meeting is called for and, except for related issues, no other business shall be considered during the meeting.

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**Section 8. Order of Business.** As far as practicable, the order of business of a regular general assembly meeting shall be:

- a) Roll Call;
- b) Proof of due notice;
- c) Call to order;
- d) Consideration of the minutes of the previous meeting;
- e) Matters arising from the minutes;
- f) Consideration of the consolidated report of the board of directors, officers, and the committees, including audited financial statements of the FEDERATION;
- g) Consideration of annual operations plan and budget;
- h) Election of directors and committee members, (if applicable);
- i) Unfinished business;
- j) New business; and
- k) Adjournment

**Section 9. Quorum for General Assembly Meeting.** During regular or special general assembly meeting, at least FIFTY PERCENT PLUS ONE (50% + 1) of the total number of members entitled to vote shall constitute a quorum.

**Section 10. 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 they owned.

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

## **ARTICLE V**

### **Officers of the Co-operative**

**Section 1. Board of Directors.** The conduct and management of the affairs of the FEDERATION shall be vested in the Board of Directors, which shall be composed of **SEVEN (7)** members.

**Section 2. Qualifications.** No member shall be elected as a member of the Board of Directors or any committee unless he/she is a member entitled to vote and has the following qualifications:

- a) Of good moral character. The Election Committee in coordination with the Ethics Committee shall promulgate mechanism to verify this qualification;
- b) Has manifested his/her willingness to devote time to serve as director;
- c) With leadership/managerial experience or has manifested his/her willingness to undergo the required training(s) by the CDA; and
- d) As far as practicable, having served for at least one year as member of any committee in this FEDERATION. Provided, however, that this is applicable only

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to members that joined this FEDERATION one year after it was registered with the Cooperative Development Authority;

**Section 3. 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 to a party list representative being an officer of a co-operative he/she represents;
- b) Having served as director of the co-operative for three (3) consecutive terms;
- c) Having been engaged in a business similar to that of the FEDERATION or who in any way has a conflict of interest with the FEDERATION;
- d) Having been absent for three (3) consecutive regular board meetings without reasonable cause;
- e) Having been convicted of any crime involving moral turpitude, gross negligence, or gross misconduct in the performance of their duties or found culpable in any administrative case involving such offenses;
- f) Being an official or employee of the Cooperative Development Authority; and
- g) Having been disqualified by law.

**Section 4. Election of Directors.** The members of the Board of Directors shall be elected by secret ballot by members entitled to vote during the annual regular general assembly meeting. Unless earlier removed for cause, or have resigned or become incapacitated, they shall hold office for a term of two (2) years or until their successors shall have been elected and qualified; Provided, that one-half plus one of the elected directors obtaining the highest number of votes during the first election after registration shall serve for two (2) years, and the remaining directors for one (1) year. Thereafter, all directors shall be elected for a term of two (2) years. The term of the incorporating directors shall expire upon the election of their successors in the first regular general assembly after registration.

No two (2) or more persons with relationships up to the third civil degree of consanguinity or affinity shall serve as elective or appointive officers.

**Section 5. Meeting of the Directors.** The regular meeting of the Board of Directors shall be held at least once a month. However, the Chairperson or, in his/her absence 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 by the Secretary stating the date, time and place of such meeting and the matters to be considered. Notice of regular or special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing to each director at least five (5) days before such meeting. **Meetings can be held by physical or by means of Information Communication Technology (ICT) such as teleconferencing, skype or by whichever is applicable in a given situation.**

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 co-operative act.

**Section 6. Vacancies in the Board.** Any vacancy occurring in the Board of Directors by reason of death, incapacity, removal or resignation may be filled by a majority vote of the remaining directors, if still constituting a quorum; otherwise, such vacancy shall be filled by the general assembly in a regular or special meeting called for the purpose. The elected director shall serve only for the unexpired term of his/her predecessor in office.

**Section 7. Functions and Responsibilities of the Board.** Notwithstanding the provisions of the Philippine Cooperative Code to the contrary, the following are the specific functions and responsibilities of the board of directors:

- 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 General Assembly;
- 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 an External Auditor;
- g) Appoint the members of the Mediation/Conciliation and Ethics Committees and other Officers as specified in the Code and co-operative By-laws;
- h) Decide election related cases involving the Election Committee or its members;
- i) Act on the recommendation of the Ethics Committee on cases involving violations of Code of Governance and Ethical Standards; and
- j) Perform such other functions as may be prescribed in the By-laws or authorized by the General Assembly.

The Board of Directors shall convene within ten (10) days after the regular general assembly meeting to elect by secret ballot from among themselves the Chairperson and the Vice-Chairperson and to appoint the Secretary and Treasurer from outside of the Board but should come from the pool of qualified members. The appointed officers shall hold office for a term of one (1) year or until their successors shall have been appointed and actually assumed the functions of their positions.

**The Chairperson of the Board of Directors and his/her Duties:**

- a) Set the agenda for board meetings in coordination with the other members of the Board of Directors;
- b) Preside over all meetings of the Board of Directors and of the General Assembly;
- c) Sign contracts, agreements, certificates and other documents on behalf of the co-operative as authorized by the Board of Directors or by the General Assembly;
- d) Issue Certificate of Non-Affiliation with any Federation or Union; and
- e) Perform such other functions as may be authorized by the Board of Directors or by the General Assembly.

- b) Monitor Conciliation-Mediation programs and processes;
- c) Submit semi-annual reports of FEDERATION cases to the Authority within fifteen (15) days after the end of every semester;
- d) Accept and file Evaluation Reports;
- e) Submit recommendations for improvements to the Board of Directors;
- f) Recommend to the Board of Directors any member of the FEDERATION for Conciliation-Mediation Training as Co-operative Conciliator-Mediator;
- g) Issue the Certificate of Non-Settlement (CNS) ; and
- h) Perform such other functions as may be prescribed in the By-laws or authorized by the General Assembly.

*The Duties of the Chairperson of the Mediation and Conciliation Committee:*

- a. Preside over all meetings of the committee;
- b. Establish linkage/communication with the Board of Directors and other functional bodies;
- c. Present recommendations on mediation-conciliation rules and policies to the General Assembly; and
- d. Perform such other functions as may be necessary.

*The Duties of the Vice-Chairperson of the Mediation and Conciliation Committee:*

- a) In the absence or disability of the Chairperson, the Vice Chairperson shall perform all the duties and functions of the Chairperson; and
- b) Perform such other duties as may be delegated to him/her by the Committee.

*The Duties of the Secretary of the Mediation and Conciliation Committee:*

- a. Maintain a correct record of all minutes of meetings of the Committee;
- b. Prepare the necessary documents for the implementation of relevant actions;
- c. Ensure that all the policies and procedures of the committee are compiled properly;
- d. Receive complaints, and assist the disputing parties in reducing their complaints in writing;
- e. Confirm parties' request to participate in Conciliation-Mediation;
- f. Assist parties in the selection of a Conciliator-Mediator;
- g. Monitor and report on the outcome of Conciliation-Mediation conducted by non-pool Conciliator-Mediator;
- h. Receive and file the Conciliator-Mediator's evaluation form;
- i. Submit to the Committee the monthly report summarizing status of all cases processed and the results of the evaluation of the Conciliation-Mediation Process;
- j. Facilitate the issuance of the Certificate of Non-Settlement from any failed or refused Conciliation-Mediation;
- k. Monitor and fill-up the documents on the Conciliation-Mediation process;
- l. Send communications to the disputants;
- m. Maintain an updated list of Conciliator-Mediator; and
- n. Perform such other duties as may be prescribed by the Committee.

**Section 11. Ethics Committee.** An Ethics Committee composed of three (3) members is hereby created and shall be appointed by the board of directors. They shall

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hold office for a term of two (2) years or until their successors shall have been appointed and qualified. Within ten (10) days after their appointment, 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/her term of office. Their functions and responsibilities are as follows:

- a. Develop Code of Governance and Ethical Standards to be observed by the members, officers and employees of the co-operative subject to the approval of the Board of Directors and ratification of the General Assembly;
- 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 Board of Directors 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 Board of Directors together with the appropriate sanctions;
- e. Recommend ethical rules and policy to the Board of Directors; and
- f. Perform such other functions as may be prescribed in the By-laws or authorized by the General Assembly

*The Duties of the Chairperson of the Ethics Committee:*

- a. Preside over all meetings of the committee;
- b. Establish linkage/communication with the Board of Directors and other functional bodies;
- c. Present recommendations on ethical rules and policies to the General Assembly; and
- d. Perform such other functions as may be necessary.

*The Duties of the Vice-Chairperson of the Ethics Committee:*

- a. In the absence or disability of the Chairperson, the Vice Chairperson shall perform all the duties and functions of the Chairperson; and
- b. Perform such other duties as may be delegated to him/her by the Committee.

*The Duties of the Secretary of the Ethics Committee:*

- a. Maintain a correct record of all minutes of meetings of the Committee;
- b. Prepare the necessary documents for the implementation of relevant actions;
- c. Ensure that all the policies and procedures of the committee are compiled properly; and
- d. Perform such other duties as may be prescribed by the Committee.

**Section 12. Education, Training and Information Committee.** An Education, Training and Information Committee composed of three (3) members is hereby created and shall be appointed by the board of directors. They shall hold office for a term of two (2) years or until their successors shall have been appointed and qualified. Within ten (10) days after their appointment, they shall elect from among themselves a Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the FEDERATION during his/her term of office.

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The committee shall assist the board of directors in the formulation of the policies, rules and procedures pertaining to human resource development and effective operationalization and implementation of the fifth co-operative principle of education, training and information. Specifically, their functions are as follows:

- a) To design and implement Human Resource Development (HRD) plans and programs for members, officers and employees;
- b) To conduct Pre-Membership Education Seminar (PMES), Membership Education Program (MEP) and other seminars or meetings for the information and understanding of the organization's policies, systems and programs;
- c) To continuously update members and the community on activities and program's performance and achievements of the thru regular publication;
- d) To tap sources of technology and training funds;
- e) To prepare an annual HRD plans and programs for members, officers and employees to be integrated in the FEDERATION annual plans and programs; and
- f) To submit annual reports of accomplishment to the BOD

*The Duties of the Chairperson of the Education, Training and Information Committee:*

- a) Preside over all meetings of the committee;
- b) Establish linkage/communication with the Board of Directors and other functional bodies;
- c) Present recommendations on internal audit rules and policies to the General Assembly; and
- d) Perform such other functions as may be necessary.

*The Duties of the Vice-Chairperson of the Education, Training and Information Committee:*

- a) In the absence or disability of the Chairperson, the Vice Chairperson shall perform all the duties and functions of the Chairperson; and
- b) Perform such other duties as may be delegated to him/her by the Committee.

*The Duties of the Secretary of the Education, Training and Information Committee:*

- a) Maintain a correct record of all minutes of meetings of the Committee;
- b) Prepare the necessary documents for the implementation of relevant actions;
- c) Ensure that all the policies and procedures of the committee are compiled properly; and
- d) Perform such other duties as may be prescribed by the Committee.

**Section 13. Credit Committee** – The Credit Committee shall be composed of three (3) members appointed by the Board of Directors for a term of two (2) years. 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/her term of office. The Committee shall assist the board of directors in the formulation of sound lending policies, systems and procedure. They shall be responsible for the credit

management of the FEDERATION. In the performance of its functions, it shall process, evaluate and act upon loan application and withdrawal of deposits, except when the applicant is a member of the committee or related to any of them within the third civil degree of consanguinity and affinity, in which case, the applicant shall be acted upon by the Board of Directors; and exercise general supervision including collection over all loans to members.

**Section 14. 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) He must be familiar with the business operation of the FEDERATION;
- b) He must have at least two (2) years experience in the operations of FEDERATION or related business;
- c) He must not be engaged directly or indirectly in any activity similar to the business of the FEDERATION;
- d) He must not have been convicted of any administrative, civil or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his/her duties;
- e) He must not be addicted to any form of gambling or immoral or vicious habits;
- f) At the time of his/her appointment he/she must have no pending administrative, civil or criminal case involving financial and/or property accountabilities; and
- g) He must be willing to undergo pre-service and/or in-service trainings.

**Section 15. Duties of the General Manager.** The General Manager shall:

- a) Oversee the overall day to day business operations of the FEDERATION 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 Board of Directors or the General Assembly;
- b) 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 Board of Directors and ratification of the General Assembly;
- c) Implement the duly approved plans and programs of the FEDERATION and any other directive or instruction of the Board of Directors.
- d) Provide and submit to the Board of Directors monthly reports on the status of the FEDERATION's operation vis-a-vis its targets and recommend appropriate policy or operational changes, if necessary;
- e) Represent the FEDERATION in any agreement, contract, business dealing, and in any other official business transaction as may be authorized by the Board of Directors;

- f) Ensure compliance with all administrative and other requirements of regulatory bodies; and
- g) Perform such other functions as may be prescribed in the By-laws or authorized by the General Assembly.

**Section 16. Removal 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 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.

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

If a vacancy occurs in any elective committee, the board of directors at its option may call an election or appoint a person to fill the same to serve for the unexpired portion of the term. The appointment made by the board shall not however compromise nor impinge upon the independence of such committee.

**Section 17. Compensation.** Subject to the approval of the general assembly, the members of the Board and Committees may, in addition to per diems for actual attendance to board and committee meetings, and reimbursement of actual and necessary expenses while performing functions in behalf of the co-operative, be given regular compensation; Provided, further, that the directors and officers shall not be entitled to any *per diem* when, in the preceding calendar year, the co-operative reported a net loss or the rate of interest on share capital is less than the official inflation rate for the same year.

## **ARTICLE VI**

### **Liabilities of Directors and Officers**

#### **Section 1. 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 co-operative 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/her duties, any interest or equity adverse to the FEDERATION in respect to any matter which has been reposed in him in confidence, he/she shall, as a trustee for the co-operative, be liable for damages or loss of profits which otherwise would have accrued to the co-operative.

## **ARTICLE VII**

### **Training Requirements**

**Section 1. Training.** All officers upon assumption to duties are required to undergo relevant trainings to be conducted by co-operatives, federations and/or institutions duly accredited by the CDA. On top of the capability building programs relative to their respective positions, all officers must undergo Basic Co-operative Course. Failure of any officer to comply therewith shall include such as one of the grounds for disqualification of the concerned officer to run for such position in accordance with the Implementing Rules and Regulations (IRR) of the Philippine Cooperative Code and/or the related issuances of the Authority.

## **ARTICLE VIII**

### **Management Staff and Office Personnel**

#### **Section 1. Organizational and Operational Structure.**

The Board of Directors shall draw an organizational structure fitted to the purpose and objectives of the co-operative. Upon recommendation of the general manager, they shall promulgate policies, systems and procedure to sustain functional coordination of all operating units.

The General Manager is responsible for the supervision and control over league personnel.

## **ARTICLE IX**

### **Capital Structure**

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

- a) Member's share capital contribution;
- b) Revolving capital build-up which consist of the deferred payment of patronage refund or interest on share capital;

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(Sgd.) Mr. Rodolfo E. Perez

(Sgd.) Dr. Teresito Orbeta

(Sgd.) Mr. Licerio Napao

(Sgd.) Engr. Alden Alcoran

(Sgd.) Mr. Jose Estorco

(Sgd.) Mrs. Auspacia Labide

(Sgd.) Mr. Romulo Mendoza

(Sgd.) Msgr. Enrique Samson

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(Sgd.) Dr. Mauricio Cajés

(Sgd.) Mr. Desiderio Tante

(Sgd.) Dr. Sylvia L. Flores

(Sgd.) Dr. Cerina C. Bolos

(Sgd.) Dr. Sylvia L. Flores

- c) Loans and borrowings including deposits;
- 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/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 contributed in any or all of the following:

- a.) Savings Regularly
- b.) Allowing the league to retain a certain sum for loans granted and/or for every unit of the member's produce marketed to or through the League.

The Federation may further adopt a deferment payment scheme for the balance of the interest on capital and patronage refund for a period not exceeding five (5) years time, and at the rate of interest consistent with the law and the regulations. Payment of the deferred amount including all increments thereto shall be made in the order of priority according to the year in which the capital was deferred, first deferment first payment basis.

**Section 3. Deposits** – The co-operative may accept two (2) kinds of deposits from members only:

- a) Savings Deposits – Any member, in addition to his/her share capital investment, may open a savings deposit, the rate of interest of which shall be determined by the Board.

Savings deposits not falling below ONE THOUSAND pesos (PHP1,000.00) during any calendar month shall be entitled to interest to be computed quarterly based on the lowest monthly balance outstanding during the period. The interest shall be credited to the depositor's account, and the same shall earn interest from the date it is credited, at the same rate as savings deposits.

- b) Time Deposits– Deposits for a fixed period of time and for a fixed rate of interest may be accepted by the FEDERATION. The Time Deposit Certificates in the form prescribed by the Board of Directors evidencing the deposit shall be issued to depositors.

The Board of Directors shall prescribe the rules and regulations governing savings and time deposits.

(Sgd.) Dr. Cerina C. Bolos (Sgd.) Dr. Sylvia L. Flores (Sgd.) Mr. Desiderio Tante (Sgd.) Dr. Mauricio Cajés (Sgd.) Engr. Jose Mancelita (Sgd.) Msgr. Enrique Samson (Sgd.) Mr. Rodolfo E. Perez

**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 rights and 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 and/or goods procured by members.

**Section 6. *Borrowing.*** The Board of Directors, upon approval of the General Assembly, may borrow money from any source, local or foreign, under such terms and conditions that best serve the interest of the FEDERATION.

**Section 7. *Share Capital.*** Share Capital refers to the unit of capital, the value of which is stated in the Articles of Cooperation.

**Section 8. *Share Capital Certificate.*** Serially numbered certificates of the co-operative shall be issued to each member, Provided that for the initial subscription, Share certificate shall be issued to the member upon payment of the minimum paid-up share capital. Subsequently, a share certificate shall be issued upon full payment of the remaining subscription. Upon full payment of initial subscription, the member shall execute another subscription agreement.

The Certificate shall contain the shareholder'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 issues and transfers shall be registered in the share and transfer book.

The shares may be purchased, owned and held only by persons who are eligible for membership. Interest may be paid only on the paid-up capital at the rate prescribed by the CDA and interest may be in cash, or credited towards payment of subscriptions, outstanding accounts, or additional shares or to the revolving fund of the FEDERATION.

**Section 9. *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 whichever is lower. The transfer of share from a member to another person is subject to the following conditions:

- a) He has held such shares or interests for at least ONE (1) year;
- b) The transfer is made to a member of the co-operative or to a person who falls within the field of membership of the co-operative, and that said person is acceptable to the FEDERATION; and
- c) The Board has approved such transfer.

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(Sgd.) Mr. Romulo Mendoza (Sgd.) Mrs. Auspacia Labide (Sgd.) Mr. Jose Estorco (Sgd.) Engr. Alden Alcoran (Sgd.) Mr. Licerio Napao (Sgd.) Dr. Teresito Orbeta

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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 member-transferee. If the last transferee, is not a member but qualified to be a member, he/she shall be required to pay the membership fee and a transfer fee TWO HUNDRED PESOS (PHP200.00) after complying with all other requisites of membership.

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

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

## **ARTICLE X Operations**

**Section 1.** Service over and above profit shall be the overriding consideration of the FEDERATION in the pursuit of its goals and in the operation of its business.

**Section 2.** The FEDERATION shall adopt and implement plans and programs which insure the continued build-up of the FEDERATION's capital structure with the end view of improving the delivery of services to the members.

**Section 3.** In the determination of the amount of the loans to be granted, the applicant's character, capacity to pay, collateral or securities offered to insure the payment of the loans shall be considered.

**Section 4. *Conditions on Loans*** – The Board of Directors shall prescribe the following:

- a) Terms and conditions for the granting of loans;
- b) Maximum amount that may be granted a member;
- c) Rate of interest;
- d) Fines for payment in default; and
- e) Maximum period of repayment.

The Board shall consider all other factors as well to facilitate the loaning operation and safeguard the interest of the members and the borrowers.

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(Sgd.) Mr. Romulo Mendoza (Sgd.) Mrs. Auspacia Labide (Sgd.) Mr. Jose Estorco (Sgd.) Engr. Alden Alcoran (Sgd.) Mr. Licerio Napao (Sgd.) Dr. Teresito Orbeta



In determining the rate of interest, the Board shall be guided by the overriding principle of service above profit.

**Section 5. *Renewal of Loans*** – Regular loans, providential or productive, may be renewed provided a certain percent thereof has already been paid. The Board shall determine the percentage of payment from time to time as changes in the total maximum loans allowed to all members occur and as the need arises.

**Section 6. *Application for Loans*** – A loan application shall state specifically the purpose or purposes for which the money is to be used. Any false representation or statement made in the application shall be a ground for the cancellation of the loans or if the money has been used for a purpose other than those for which it is granted, the PKMHKloan shall at once become due and demandable.

**Section 7. *Restrictions on Officers, Directors and Committee Members*** – No director or committee member shall vote on a loan requested by a member of his/her family, natural or by affinity to the third degree; or on a loan requested by a person who owns a debt to him/her or to any member of his/her family; neither can he/she become a co-maker, surety nor endorser on any loan contracted with the co-operative. The application for a loan by a member of the Credit Committee shall be subject to the approval of the Board of Directors.

**Section 8. *Appeal*** – An appeal from the decision of the Credit Committee for abuse of discretion or violation of any existing policy of the Board of Directors may be made (to) at the joint meeting of the Board of Directors and the Audit Committee, whose decision on the matter shall be final.

## ARTICLE XI

### Allocation and Distribution of Net Surplus

**Section 1.** At the end of its fiscal year, the FEDERATION shall allocate and distribute its net surplus as follows:

A. **Reserve Fund.** In the first five (5) years of operation after registration the amount allocated for Reserve Fund per year shall not be less than fifty percent (50%) of the Net Surplus, in the succeeding years the allocation thereof is TEN PERCENT (10%) of the Net Surplus annually:

- a) 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.

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b) The reserve fund shall not be utilized for investment, other than those allowed in the Philippine 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 FEDERATION upon the resolution of the general assembly.

c) Upon the dissolution of the FEDERATION, the reserve fund shall not be distributed among the members. However, the general assembly may resolve:

- i. To establish usufructuary fund for the benefit of APEX ORGANIZATION to which the FEDERATION is affiliated; or
- ii. To donate, contribute or otherwise dispose of the amount for the benefit of the community where the League operates. If the member could not decide on the disposition of the reserve fund, the same shall be given to the National Federation to which the FEDERATION is affiliated or operating within the FEDERATION's area of operation.

**B. Education and Training Fund.** TEN percent (10%) shall be set aside for Education and Training Fund. The fund shall provide for the training, development and similar other activities geared towards the growth of the FEDERATION.

a) Half of the amounts transferred to the education and training fund annually under this subsection may be remitted to APEX ORGANIZATION chosen by the FEDERATION of which it is a member.

b) Upon the dissolution of the FEDERATION, the unexpended balance of the education and training fund pertaining to the FEDERATION shall be credited to the co-operative education and training fund of the chosen union or federation.

**C. Community Development Fund.** THREE percent (3%) shall be set aside for projects and activities that will benefit the community where the FEDERATION operates.

**D. Optional Fund.** SEVEN percent (7%) shall be set aside for Optional Fund for land and building fund, and such other developmental purposes as may be identified by to FEDERATION as approved by the general assembly.

**E. 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 prescribed by law, and patronage refunds. The sum allocated for patronage refund shall be made available at the same rate to all patrons of the FEDERATION in proportion to their individual patronage, subject to the following rules:

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(Sgd.) Mr. Romulo Mendoza (Sgd.) Mrs. Auspacia Labide (Sgd.) Mr. Jose Estorco (Sgd.) Engr. Alden Alcoran (Sgd.) Mr. Licerio Napao (Sgd.) Dr. Teresito Orbeta

- a) The patronage refund of a member with fully paid share capital shall be paid to him in cash or at this option be credited to his/her account as additional share capital;
- b) The patronage refund of a member with unpaid share capital subscription shall be credited to his/her account as payment of his/her unpaid subscriptions until the same shall have been fully paid;
- c) For non-member patrons, their proportionate patronage refunds shall be set aside in a general fund created for the purpose. Their individual patronage refund shall be credited to their respective names only upon request and presentation of evidence of the amount of his/her patronage. When the amount so accumulated under his/her name within a period of one year equals the minimum share capital contribution for membership and he/she is qualified and willing to comply with the requirements for membership, said non-member patron shall be considered member of the FEDERATION upon payment of membership fee.
- d) If within the period specified in the preceding paragraph, any non-member patron who has accumulated the sum necessary for membership, but refuses or fails to qualify for membership, the amount so accumulated in his/her account together with any part of the general fund for non-member patrons shall be credited to the reserve fund or to the education and training fund of the FEDERATION at the option of the general assembly.

## ARTICLE XII

### Settlement of Disputes

**Section 1. Settlement of Disputes** – Any dispute arising between or among members of the Board of Directors, Committee Members, Officers and individual members shall be referred to the mediation/conciliation, in case of non-settlement, it shall be referred to Mediation and Conciliation of the National Federation, where the Regional Federation is affiliated, in the absence of affiliation, the **Chairman of the Board of Directors of the Cooperative** shall issue certification of non affiliation. If no settlement is reached in the tertiary level, the disputes shall be referred to CDA for arbitration **either through a Sole Arbitrator or an Arbitral Tribunal of three (3) members**, chosen by the parties and one appointed by the CDA, all coming from among the Accredited Voluntary Arbitrators of the Authority.

### **Section 2. Disputes Involving Members of the Mediation and Conciliation Committee and Board of Directors**

If one or both parties are members of the Conciliation Committee, the Chairperson of the Committee shall communicate in writing such fact to the Chairperson of the Board of Directors who shall forthwith call a special board meeting to form a five-man Special

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(Sgd.) Mr. Romulo Mendoza

He/she is independent of the FEDERATION;

In case of financial audit, he/she is a member in good standing of the Philippines Institute of Certified Public Accountants (PICPA) and is accredited by both the Board of Accountancy and the CDA;

The Social Audit shall be conducted by an independent social auditor accredited by the CDA; and

Performance and Social Audit Reports which contain the findings and recommendations of the auditor shall be submitted to the Board of Directors

(Sgd.) Dr. Cerina C. Bolos (Sgd.) Dr. Sylvia L. Flores (Sgd.) Dr. Mauricio Cajés (Sgd.) Dr. Desiderio Tante (Sgd.) Engr. Jose Mancelita (Sgd.) Msgr. Enrique Samson (Sgd.) Mr. Rodolfo E. Perez

**Section 4. Regular Reports.** The Board of Directors shall draw up regular reports of its program of activities including those in pursuance of their socio-economic undertakings, showing their progress and achievements at the end of every fiscal year. The reports must be made accessible to its members and copies thereof shall be furnished to all its members of record. As far as practicable, the financial statements shall be kept posted in a conspicuous place in the principal office of the FEDERATION.

Notwithstanding the provision of the rules and regulations issued by the CDA, the required reports in the form and format prescribed thereunder shall be submitted within one hundred-twenty (120) days from the end of the every calendar year. Failure to file such reports within the prescribed period shall subject the accountable officers to fines and penalties as maybe prescribed by the CDA.

For this purpose, all reports shall be certified by the Chairperson or the General Manager to vouch the truthfulness of the statements contained therein.

#### ARTICLE XIV Amendments

**Section 1. Amendments.** Amendments to the Articles of Cooperation and this By-Laws may be adopted by at least two-thirds (2/3) votes of all members entitled to vote at any regular or special general assembly called for the purpose without prejudice to the rights of dissenting members to withdraw their membership under the provisions of the Philippines Cooperative Code.

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

Voted and adopted this 13<sup>th</sup> day of April, 2014 in Cebu City, Philippines.

#### NAME AND SIGNATURE OF MEMBERS

NAME	SIGNATURES
1. CERINA C. BOLOS – BPSTEMPC	Sgd.
2. RODOLFO E. PEREZ – AMEMCO	Sgd.
3. JOSE A. MANCELITA – CRPEWCC	Sgd.
4. MAURICIO CAJES	Sgd.
5. DESIDERIO S. TANTE – SMC-MECCI	Sgd.
6. AUSPECIA D. LABIDE – BPMPC	Sgd.
7. ROMULO A. MENDOZA – PTMPC	Sgd.

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(Sgd.) Mr. Licerio Napao (Sgd.) Dr. Teresito Orbeta (Sgd.) Engr. Alden Alcoran (Sgd.) Mr. Jose Estorco (Sgd.) Mrs. Auspecia Labide (Sgd.) Mr. Romulo Mendoza

Cerina C. Bolos

(Sgd.) Dr. Sylvia L. Flores

(Sgd.) Mr. Desiderio Tante

(Sgd.) Dr. Mauricio Cajés

(Sgd.) Engr. Jose Mancelita

(Sgd.) Msgr. Enrique Samson

(Sgd.) Mr. Rodolfo E. I

8. SYLVIA L. FLORES – DCCCO
9. TERESITO ORBETA – NOPHCCI
10. LICERIO NAPAO – NOPSTECI
11. JOSE ESTORCO – LLCI
12. ALDEN ALCORAN – NEMPCO
13. ENRIQUE SAMSON – TKMPC

Sgd.

Sgd.

Sgd.

Sgd.

Sgd.

Sgd.

(Sgd.) Dr. Teresito Orbeta

(Sgd.) Mr. Licerio Napao

(Sgd.) Engr. Alden Alcoran

(Sgd.) Mr. Jose Estorco

(Sgd.) Mrs. Auspacia Labide

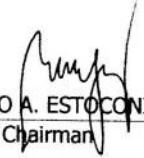
Romulo Mendoza

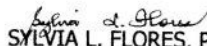
Signed In the Presence of:

**(SGD.) EMMA S. BURLASA**  
PFCCO-VISAYAS


**(SGD.) FELICIDAD L. RUIZ**  
Treasurer

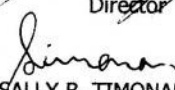
We, the undersigned, constituting a majority of the Board of Directors of the Philippine Federation of Credit Cooperatives-Visayas do hereby certify the foregoing instrument is the code of by-laws of the co-operative.

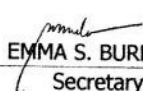
  
ROBERTO A. ESTOCONING  
Chairman

  
SYLVIA L. FLORES, Ph. D.  
Vice-Chairperson

  
RODOLFO E. PEREZ  
Director

  
MARIO GODORNES  
Director

  
SALLY B. TIMONAN  
Director

  
EMMA S. BURLASA  
Secretary

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