

# ARTICLES OF COOPERTION

## NOW ALL MEN BY THESE PRESENTS:

We, the undersigned Filipino citizens, all of legal age and e residents of the Philippines, have on this day voluntarily agreed to organize a primary HAPAO MULTI-PURPOSE 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 Hapao Multi-Purpose Cooperative.

### Article II Purposes

That the purpose/s for which this Cooperative is organized are to engage in:

1. Credit and savings
2. Trading and marketing
3. Processing
4. Merchandising

### Article III Goal

The goal 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 economics of seak, 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 in 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 a institutionalize a dynamic savings mobilization and capital build up schemes to sustain its developmental activities and long-term investments,

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

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

#### ARTICLE V Term of Existence

The term for which this Cooperative shall exist in fifty (50) years from the date of its registration with the Cooperative Development Authority.

#### ARTICLE VI Area and Business of Operation

This Cooperative shall recruit its members within the province of Ifugao, Isabela, *Nueva Vizcaya, Quirino and other neighboring provinces of northern Luzon* and its principal office shall be located at Hapao, Hungduan, Ifugao.

#### ARTICLE VII Common Bond of Membership

That the Common Bond of membership of this Cooperative is residential and, shall be open to all natural persons who are Filipino citizens, of legal age, with the capacity to contract and process all the qualifications and name of the disqualifications provided for in the By-Laws.

#### ARTICLES VIII Name, Nationality and Address of the Cooperators are as follows:

That the name, nationality and address of the cooperators are as follows:

Name	Nationality	Postal Address
ANGELINA GANO	Filipino	Hapao, Hungduan, Ifugao
FRANCISCO BITTAOL	Filipino	Hapao, Hungduan, Ifugao
VICTOR MELONG	Filipino	Hapao, Hungduan, Ifugao
RAMON HIMMIWAT	Filipino	Hapao, Hungduan, Ifugao
TEOFILO GANO	Filipino	Hapao, Hungduan, Ifugao
EMILY ALBERTO	Filipino	Hapao, Hungduan, Ifugao
ANGELINA DACAWA	Filipino	Poblacion, Hungduan, Ifugao
LOURDES BITOG	Filipino	Hapao, Hungduan, Ifugao
MARIETTA HIMMIWAT	Filipino	Hapao, Hungduan, Ifugao
REGINA GANO	Filipino	Hapao, Hungduan, Ifugao
CASILDA BUYA	Filipino	Hapao, Hungduan, Ifugao
ROSA PA-IT	Filipino	Hapao, Hungduan, Ifugao
JOSE IVAMI	Filipino	Hapao, Hungduan, Ifugao

**Article VIII**  
**Board of Directors**

That the number of Directors of this Cooperative shall be Five (5) and the name, citizenship and residences of the founding directors who are to serve until their successors shall have been elected and qualified as provided in the by-laws are:

Name	Citizenship	Postal Address
Angelina Gano	Filipino	Hapao, Hungduan
Francisco Bittaol	Filipino	Hapao, Hungduan
Ramon Himmiwat	Filipino	Hapao, Hungduan
Victor Melong	Filipino	Hapao, Hungduan
Teofilo Gano	Filipino	Hapao, Hungduan

**ARTICLE IX**  
**Capitalization**

That the Authorized Share Capital of this Cooperative is **FIVE MILLION (5,000,000.00)** [Fifty Million (50,000,000.00)] Pesos, Philippine currency, divided into **FIFTY THOUSAND (50,000)** [Five Hundred Thousand (500,000)] shares with a par value of **ONE HUNDRED PESOS (P100.00)** per share.

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

That at least Twenty Five percent (25%) of the authorized share capital has been subscribed, and at least Twenty Five percent (25%) of the total subscription has been paid by the following member-subscribers:

Names	No. of Subscribed Shares	Amount of Subscribed Shares	No. of Shares Paid	Amount Paid
Angelina Gano	20	2,000.00	5	500.00
Francisco Bittaol	20	2,000.00	5	500.00
Victor Melong	20	2,000.00	5	500.00
Ramon Himmiwat	20	2,000.00	5	500.00
Teofilo Gano	20	2,000.00	5	500.00
Emily Alberto	20	2,000.00	5	500.00
Angelina Dacawe	20	2,000.00	5	500.00
Lordes Bitog	20	2,000.00	5	500.00
Marietta Himmiwat	20	2,000.00	5	500.00
Regina Gano	20	2,000.00	5	500.00
Casilda Buya	20	2,000.00	5	500.00
Rosa Pa-it	20	2,000.00	5	500.00
Jose Uyami	20	2,000.00	5	500.00
Oscar Buyucan	20	2,000.00	5	500.00

**BE IT KNOWN THAT:**

**ARLENE H. AKIATE** has been elected as Treasurer of this Cooperative to act as such until her/his successor shall have been duly elected and qualified in accordance with the by-laws. As such

Treasurer, she has been authorized to receive payments and issue receipts for membership fees, share capital subscriptions and other revenues for and in the name of this Cooperative.

IN WITNESS WHEREOF, we have hereunto signed our names this 10<sup>th</sup> day of March, 1998 in Hapao, Hungduan, Ifugao, Philippines.

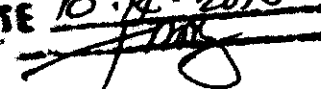
Signed by witnesses:

ERLINDA TAGUIBAO (Sgd.)  
CDO I

MANOLO M. GARMA  
CDO II

**NAME AND SIGNATURE OF COOPERATORS**

Name	Signature
Angelina Gano	Signed
Francisco Bittaol	Signed
Victor Melong	Signed
Ramon Himmiwat	Signed
Teofilo Gano	Signed
Emily Alberto	Signed
Angelina Dacawe	Signed
Lordes Bitog	Signed
Marietta Himmiwat	Signed
Regina Gano	Signed
Casilda Buya	Signed
Rosa Pa-it	Signed
Jose Uyami	Signed
Oscar Buyucan	Signed

IDENTIFIED XEROX COPY  
DATE 10.11.2010  
BY 

## ACKNOWLEDGMENT

Republic of the Philippines )  
Municipality of Hungduan ) S.S.

Before me, a Notary Public for and in the Municipality of Hungduan, Ifugao on this 9th day of October 2001 the following persons personally appeared with their Community Tax Certificates as indicated opposite their respective names:

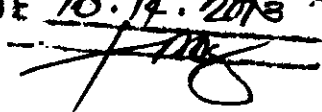
Name	CTC Number	Date issued	Place of Issuance
Angelina Gano	6585994	01-16-2000	Hungduan
Francisco Bittaol	6585108	01-06-2000	Hungduan
Victor Melong	6585481	01-03-2000	Hungduan
Teofilo Gano	6585018	01-03-2000	Hungduan
Emily Alberto	6580219	02-20-2000	Hungduan
Carmen Himmiwat	6585316	03-19-2000	Hungduan
Angelina Dacawe	6585011	03-20-2000	Hungduan
Lourdes Bitog	6585013	03-13-2000	Hungduan
Marietta Himmiwat	6580114	03-10-2000	Hungduan
Regina Gano	6585230	01-26-2000	Hungduan

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 consists of 8 pages including this page where the acknowledgment is written.

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

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Page No.: 128  
Book No.: 02  
Series of 2000

RAMON B. HIMMIWAT (Sgd.)  
Notary Public  
Until December 31, 2001  
PTR NO. 3442114  
January 9, 2001  
Hungduan, Ifugao

RECEIVED XENIX CUP  
DATE 10.14.2018  
BY 

# TREASURER'S AFFIDAVIT

Republic of the Philippines )  
Province of \_\_\_\_\_ )  
Municipality of LAGAVE, IFUGAO S.

I, **ROMEO ESTIMA** after having been duly sworn to in accordance with law, do hereby depose and say:

1. That I am the duly elected/appointed treasurer of the HAPAO MULTI-PUPOSE COOPERATIVE, Hapao, Hungdun, Ifugao to act as such until my successor shall have been elected/appointed and qualified in accordance with the By-Laws of the Cooperative;
2. That as such Treasurer, I hereby certify that at least tweedy-five percent (25%) of the authorized share capital of Five Million pesos(P5,000,00.00) of the Cooperative has been subscribed;
3. That at least twenty-five (25%) of the total subscription of twenty eight thousand pesos (P2,052,678.41) has been paid and received by me, as follows:
  - a) Common Share \_\_\_\_\_ (P \_\_\_\_\_);
  - b) Preferred Shares \_\_\_\_\_ (P \_\_\_\_\_);
  - c) Others \_\_\_\_\_ (P \_\_\_\_\_);
  - d) Total \_\_\_\_\_ (P \_\_\_\_\_);
4. That the total membership fees paid is \_\_\_\_\_ (P \_\_\_\_\_).

Treasurer

SUBSCRIBED AND SWORN TO before me this JUN 15 2011 day of \_\_\_\_\_, in LAGAVE, IFUGAO, Philippines, by \_\_\_\_\_ who exhibited to me his/her Community Tax Certificate No. \_\_\_\_\_ Issued on \_\_\_\_\_ in \_\_\_\_\_ Philippines.

ATTY. WILFRED P. FUYAGAWAN JR.  
NOTARY PUBLIC - DENVER, COLORADO 2011  
I TA NO. \_\_\_\_\_ LAGAVE, IFUGAO  
IBP NO. P15550/01-3-11/LAGAVE, IFUGAO  
JUL NO. 4833+

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Page No. 103  
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Series of 2011

CERTIFIED XEROX COPY  
DATE 10-14-2013  
BY [Signature]

## **BY-LAWS**

### **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 HAPAO MULTI-PURPOSE COOPERATIVE a primary cooperative, hereby adopt the following code of By-Laws.

### **ARTICLE I**

#### **Objectives**

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

### **Article II**

#### **Membership**

**Section 2. Membership.** This Cooperative shall have regular and associate membership/s.

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 and be voted upon and shall be entitled only to such rights and privileges provided in these by-laws.

#### **Section 3. Qualifications of Membership.**

**Membership.** The membership of this Cooperative is open to any natural person, Filipino citizen, of legal age, with capacity to contract, and has the following qualifications:

- a. Completed the prescribed pre-membership education training;
- b. Undertake to uphold the By-Laws, policies, guidelines, rules and regulations promulgated by the Board of Directors and the general assembly; and
- c. Paid the required minimum share capital membership fee.

**Section 4. Application for Membership.** An applicant for membership shall file a duly accomplished form with the Board of Directors who shall accept or deny it within 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 Cooperative and such other information as may be deemed necessary.

The Board of Directors shall approve or deny the application for membership within seven (7) days from date of submission of complete requirements.

No application for membership shall be given due if not accompanied with a membership fee of one hundred pesos (p 100.00), which shall be refunded to the applicant in case of rejection.

**Section 5. Minimum share Capital Subscription.** An applicant for membership shall subscribe at least twenty (20) shares and pay the value of at least one thousand (1,000.00) shares upon approval of his membership.

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

- e) Participate in the continuing education and other training programs of the cooperative; and
- f) Such other rights and privileges as may be provided by the General Assembly.

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

- a) 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 office hours;
- d) Has preference in the payment of interest on share capital and in the distribution of the net assets of the Cooperative in case of liquidation; and
- e) Such other rights privileges as may be granted by the General Assembly.

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

**Section 12. Termination of Membership.** Termination of membership, which may be automatic, voluntary or involuntary, shall have the effect of extinguishing all rights of a member in the Cooperative or its assets, subject to the provisions of Section 13 of these By-Laws and as may be provided by the General Assembly.

- a. **Automatic Termination of Membership.** The death, insanity, permanent incapacity or judicial declaration by a competent court or the insolvency of a member shall be considered an automatic termination of his membership in the Cooperative.
- b. **Voluntary termination.** A member may, for any reason, withdraw his membership from the Cooperative by giving a 60-day notice to the Board of Directors. However, no member shall be allowed to withdraw or terminate his membership during any period in which he has any pending obligation with the Cooperative.
- 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. When he has not patronized the services/businesses of the Cooperative for more than twelve (12) months;
  - ii. When he has continuously failed to comply with his obligations;
  - iii. When he has violated any provision of this By-Laws and the rules promulgated by the Cooperative; and
  - iv. For any act or omission injurious or prejudicial to the interest or the welfare of the Cooperative.

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

After hearing, the Board of Directors shall render its decision in writing within \_\_\_\_\_ 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 appeals and grievance committee on the matter shall be final.



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

### **ARTICLE III Governance**

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

**Section 16. Powers of the General Assembly.** Subject to the pertinent provision of the cooperative code and the rules issued there, under the general assembly shall have the following exclusive powers which, cannot be delegated.

1. to determine and approve amendments to the cooperative Articles of cooperation and By-laws;
2. To elect and appoint the members of the board of directors, and to remove them for cause;
3. To approve developmental plans of the cooperative; and
4. To delegate some of its power to a smaller body of the cooperative as authorized by the Philippine cooperative code of 2008.

**Section 17. Meetings.** Meeting 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 power of authority of the cooperative, there being a quorum, shall be valid.

**Section 18. Regular General Assembly Meeting.** The general Assembly shall hold its annual regular meeting at the principal office of the cooperative or at any place within the Philippines on the date fixed by the Board of Directors; provided, that such date shall be within ninety (90) days after the close of each calendar year.

**Section 19. Special General Assembly Meeting.** The Board of Directors may, by a majority vote of all its members, call a special general assembly meeting at any time to consider urgent matters requiring immediate membership decision. The Board of Directors must likewise call a special general assembly meeting within 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 Audits committee; or c) the head of the Federation or Union to which the cooperative is a member, or d) Upon written petition to the Cooperative Development Authority.

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

**Regular General Assembly Meeting.** Notice of the annual regular general assembly meeting shall be served by the Secretary, personally or his duly authorized representative or by registered mail, to all members 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.

**Special General Assembly meeting.** Notice of any special general assembly meeting shall be served by the Secretary personally or his duly authorized representative or by registered mail upon each 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.

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

- a) Call to order;
- b) Roll Call;
- c) Proof of due notice;
- d) Declaration of presence of quorum;
- e) Reading of the previous minutes of meeting;
- f) Matters arising from the minutes;
- g) Consideration of the consolidated report of the board of directors, officers and the committees, including audited financial statements of the cooperative;
- h) Unfinished business;
- i) Election of Directors and Committee members;
- j) Approval of Development Plan and Budget;
- k) New business;
- l) Other matters; and
- m) Adjournment

**Section 22. Quorum for General Assembly Meeting.** During regular or special general assembly meeting, at least 30% of the total number of members entitled to vote shall constitute a quorum.

**Section 23. 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 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 24. Composition of the board of Directors.** The Board of Directors shall be Composed of FIVE (5) members.

**Section 25. Qualifications.** No member shall be elected or to continue as such member of the Board of Directors unless he is a member entitled to vote and has the following qualifications:

- a) Has paid the minimum capital requirement
- b) Have continuously patronized the cooperative services
- c) A member in good standing for the last two years
- d) Completed or willingness to complete the required education and training as may be provided by Law, rules and regulations and policy approved by the general assembly.
- e) Of good moral character and other qualifications prescribed in the IRR

**Section 26. 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 or being an officer of a cooperative he or she represents.
- b. Having served as director of the Cooperative for Three(3) consecutive terms;
- c. 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;
- d. Having direct or indirect personal interest with the business of the Cooperative;
- e. Having been absent for three (3) consecutive regular meetings without reasonable cause;
- f. Being an official or employee of the Cooperative Development Authority;
- g. Having been convicted in administrative proceedings or civil criminal suits involving financial and/or property accountability; and
- h. Having been disqualified by Law.

**Section 27. 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 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 2 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 year. Thereafter, all directors shall serve for more than three (3) consecutive terms. The term of incorporating directors shall expire upon the election of their successors in the first regular general assembly after registration.

**Section 28. Election of Office within the Board.** 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 elect or appoint the Secretary and Treasurer from outside of the Board. The appointed officers shall hold office for a term of two (2) years or until their successors shall have been appointed and actually assumed the functions of their positions.

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

**Section 29. Meeting of the 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 to the secretary stating the date, time and place of such meeting and the matters to be considered. Notice of regular or special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing to each director at least three (3) 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 30. Vacancies.** Any vacancy occurring in the Board of Directors by reason of death, incapacity, removal or resignation may be filled by a majority vote of the remaining directors, if still constituting a quorum; otherwise, such vacancy shall be filled by the general assembly in a regular or special meeting called for the purpose. The elected director shall serve only for the unexpired term of his predecessor in office.

In the event that the general assembly failed to muster a quorum to fill the positions vacated by directors whose term have expired and said directors refuse to continue their functions on a hold-over capacity, the remaining members of the Board together with the members of the Audit Committee shall designate, from the qualified in a regular of the /general

Assembly, their replacements who shall serve as such until their successors shall have been elected and qualified in a regular or special general assembly meeting called for the purpose.

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

**Section 31. 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 (3/4) of the general assembly meeting called for the purpose. The officer concerned shall be given the opportunity to be heard at said assembly.

In case where the officers sought to be removed consist of the majority of the BOD at least 20% 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 elected or appointed by the Board of Directors or any committee may be removed from office for cause by a majority vote of all the members of the Board or Committee as the case may be.

**Section 32. Powers and Duties of the Board.** The board of directors shall be responsible for the strategic planning, direction-setting and policy-formulating activities of the cooperatives. Provided further that may members of the board shall not hold any other position directly involved in the day-to-day operation and management of the cooperative.

## ARTICLE V Committee

**Section 33. Audit Committee.** An Audit Committee is hereby created and shall be composed of three (3) members to be elected during a general assembly meeting and shall hold office for a term of two (2) years or until their successors shall have been elected and qualified. Within (10) days after their election, they shall elect from among themselves a chairman, Vice-Chairman and a Secretary. No member of the committee shall hold any other position within the Cooperative during his term of office. The Committee shall provide internal audit service maintain a complete record of its examination and inventory, and submit an audited financial report quarterly or as may be required by the Board and the general assembly.

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 and its various responsibility centers.

**Section 34. Election Committee.** An Election Committee is hereby created and shall be composed of three (3) members to be elected during a general assembly meeting and shall hold office for a term of two (2) years or until their successors shall have been elected and qualified. Within ten (10) days after their election they shall elect from among themselves a Chairman, Vice-Chairman and a Secretary. No member of the committee shall hold any other position within the Cooperative during his term of office.

The Committee, as an independent body, shall promulgate rules and regulations which shall govern the conduct of elections in accordance with the provisions of the by-laws; pass upon the qualifications of candidates, supervise the conduct of elections, canvass and certify in writing the returns, proclaim the winning candidates, and hear and decide all election protests. Election

prejudice to their reappointment. The appointed credit committee will elect from them who will be the chairman and secretary.

The Committee shall be responsible for the credit management of the Cooperative. In the performance of its functions, it shall:

1. Process, evaluate and act upon loan application and withdrawal of deposits, except; when the applicant is a member of the Committee in which case, the application shall be acted upon by the Board of Directors, and;
2. Exercise general supervision including collection over all loans to members.

## ARTICLE VI Officers of the Cooperative

**Section 39. Officers and their Duties.** The officers of the cooperative shall include the members of the different committees created by the general assembly, general manager or chief executive officers, secretary, treasurer and members holding other positions as may be provided for in this by-laws, shall serve according to the functions of their respective officers as follows:

**Chairman** – The Chairman shall:

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

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

**Treasurer** – The Treasurer shall:

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

**Secretary** – The Secretary shall:

- a) Keep and maintain a complete registry of all members and records/minutes of all meetings of the Board of Directors and the General Assembly;
- b) Give notice of all meetings called.

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

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

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

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

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

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

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

- a) Have general charge of all the phase of the business operations of the Cooperative, subject to the policies and guidelines set by the board of directors and the general assembly.
- b) Maintain records and accounts of the Cooperative in such manner that the true condition of its business may be ascertained therefrom at any time.
- c) Render reports monthly, annually or as may be required by the Board of Directors or the General Assembly and preserve the books, documents, correspondence and records of whatever nature concerning the operations of the Cooperative which may become into his possession;

- d) Subject to the policies set by the Board of Directors, employ, supervise and or dismiss any agent or employee in the management force; and
- e) Perform such other duties as the Board of Directors may prescribed and turn over his successor all properties belonging to the Cooperative in his possession or over which he has control upon the expiration/termination of his service.

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

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

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

- a) install an adequate and effective accounting system within the Cooperative;
- b) Render reports on financial conditions 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, contract and other records concerning the business of the Cooperative and make them available for auditing purposes to the Chairman of the Audit Committee; and
- e) Perform such other duties as Board of Directors may require.

**Section 46. Compensation.** Subject to the approval of the general assembly, the members of the /Board and Committees may, in addition to per diems for actual attendance to board and committee meetings, and reimbursement of the 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 47. Source of Funds.** The Cooperative may derive its funds from any or all of the following sources:

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

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

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

- a) At least 1% (P30.00) of his monthly income;
- b) At least 3% of his annual interest on capital and patronage refund;
- c) At least 1% of each good/service acquired by him.

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

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

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

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

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

**Section 53. Share Capital Certificate.** The Board of Directors shall issue a Share Capital Certificate only to member who has fully paid his subscription. The Certificate shall be serially numbered and contain the share holder's name, the number of share owned, the par value, and duly signed by the Chairman and the Secretary, and bearing the official seal of the Cooperative. All certificates issued and or shall be registered in the cooperative's share and transfer book.

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

**Section 54. 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 whichever is lower.

- a) He has held such shares or interest for at least 5 years.
- b) The transfer is made to a member of the cooperative or to a person who falls within the field of membership of the cooperative, and that said person is acceptable to the cooperative; and
- c) The Board has approved such transfer.

The transfer of shares shall not be binding to the cooperative until such transfer has been registered in the share and transfer book. No transfer shall be completed until the old certificate have been endorsed and surrendered to the cooperative and a new certificate is issued in the name of the member-transferee. If the last transferee, is not a member but qualified to be a



member, he shall be required to pay the membership fee and a transfer fee of one hundred fifty pesos(P150.00).

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 represent; and

The lost or destroyed certificate has never been transferred, sold or endorsed to any third party; and that should the same be found, the owner shall surrender it to the cooperative.. Any false representations or statement made in the aforesaid affidavit shall be a ground for expulsion from the cooperative.

## ARTICLE VIII Operations

**Section 55. Primary Consideration.** Adhering to the principle of service over and above profit, the Cooperative shall endeavor to:

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

## ARTICLE IX Allocation and Distribution of Net surplus

**Section 56.** *At the end of its fiscal year, the Cooperative shall allocate and distribute its net surplus as follows:*

**A. Reserve Fund.** Ten percent (10%) shall be set aside for Reserve Fund subject to the following rules, provided, that i.

- a) The reserve fund shall be used for the stability of the Cooperative and to meet net losses in its operations. The general assembly may decrease the amount allocated to the reserve fund when it has already exceeded the authorized share capital. Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.
- b) The reserve fund shall not be utilized for investment, other than those allowed in the Cooperative Code. Such sum of the reserve fund in excess of the authorized share capital may be use at any time for any project that would expand the operations of the cooperative upon the resolution of the general assembly.
- c) Upon the dissolution of the cooperative, the reserve fund shall not be distributed among the members. However, the general assembly may resolve:
  - 1. To establish usufructuary fund for the benefit of any federation or union to which the cooperative is affiliated; or

2. To donate, contribute or otherwise dispose of the amount for the benefit of the community where the cooperative operates. /if the member could not decide on the disposition of the reserve fund, fund same shall be given to the federation or union to which the cooperative is affiliated.

**B. Education and Training Fund.** TEN PERCENT (10%) shall be set aside for Education and training fund.

a) 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 of federation of which the cooperative is a member.

b) Upon the dissolution of the cooperative; the unexpended balance of the education and training fund pertaining to the cooperative shall be credited to the cooperative education and training fund of a chosen union or federation.

**C. Community development fund.** THREE PERCENT (3%) shall be used for projects and activities that will benefit the community where the cooperative operates.

**D. Operational fund.** SEVEN PERCENT (7%) shall be set aside for Optional Fund for land and building fund, and any other necessary expenses.

**Interest of 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 refund shall be made available at the same rate to all patrons of the cooperative in proportion to their individual patronage, subject to the following rules;

- a) The patronage refund of a member with unpaid share capital shall be paid to him in cash or at this option be credited to his account as additional share capital;
- b) The patronage refund of a member with unpaid share capital subscription shall be credited to his account as payment of his unpaid subscriptions until the same shall have been fully paid;
- c) For non-member patrons, their proportionate patronage refunds shall be set aside in a general fund created for the purpose. Their individual patronage refund shall be credited to their respective names only upon request and presentation of evidence of the amount of his patronage. When the amount so accumulated under his name within a period of 5 years equals the minimum share capital contribution for membership and he is qualified and willing to comply with the requirements for membership, said non-member patron shall be considered member of the cooperative upon payment of membership fee.
- d) If within period specified in the preceding paragraph, any non-member patron who has accumulated the sum necessary membership, but refuses or fails to qualify for membership, the amount so accumulated in his account together with any part of the general fund for non-members patrons shall be credited to the reserve fund or to the education and training fund of the cooperative at the option of the general assembly.

## **ARTICLE X**

### **Settlement of Disputes**

**Section 57. MEDIATION AND CONDITION PROCEDURES.** All intra-cooperative disputes shall be settled within the cooperative. If amicable settlement is not feasible, unless modified or amended or amended by the general assembly, the following rules and procedures shall govern all conciliation processes within the cooperative:

1. Parties to a complaint. The party who files a complaint shall be called a Complainant and the party being charged shall be called the Respondent.
2. Who may file a Complaint? Any member who has a cause of action against any member, officer or member of any committee, or of the Board of Directors shall file a written complaint, in any form and in such numbers as

there are respondents, to the Secretary of the Conciliation Committee, stating the following:

- a) Name, Address, position in Cooperative and status of membership of the complaint and the respondents/s if known;
  - b) Brief statement of facts and circumstances which caused commission or omission of the act complained of;
  - c) Rights violated and evidence or testimony of witnesses; and
  - d) Prayer which shall state the relief sought and such other relief as may be deemed just and equitable.
3. Baseless complaint. Within seven (7) days receipt of the complaint. If upon its sound discretion, the complaint is found to be baseless or without merit, it may out rightly dismiss the same and inform in writing the complaint, expressly stating the legal and factual bases of its decision.
  4. Valid cause of action. If the complaint states a valid cause of action, the committee shall forthwith inform in writing the respondent/s providing him a copy of complaint, and directing him to submit his answer within ten (10) days from receipt thereof. The Committee Chairman may, upon written request by the respondents, extend the period within which to file his answer provided that it shall not exceed ten (10) days.
  5. Withdrawal of complaint. At any time before judgment, the complaint may, in writing, withdrawal his complaint, or enter into a compromise agreement and the case shall be considered dismissed or settled, as the case may be.
  6. Answer. In his answer, the respondent shall specifically admit or deny, or deny only a part of averment in the complaint. He shall set forth the substance of the matter upon which he relies to support his denial. If he denies only a part of the averment, he shall specify so much of it, as it is true and deny the remainder. He may also state that he had no sufficient knowledge as to the truth of a certain matter alleged in the complaint and this shall have the effect of denial. Any averment in the complaint not specifically denied shall be deemed admitted.
  7. Preliminary conference. Within seven (7) days from the receipt of the answer, the committee shall set a preliminary conference whereby only the parties are invited for possible amicable settlement. If no settlement is made the chairman may, at his discretion or upon request of either party, set another conference, which shall not be later than ten (10) days. Any party may waive his right of a preliminary conference and instead move in writing for a formal hearing. In which case, the chairman shall set a date, time and place of hearing and the secretary shall notify in writing the parties at least three (3) days before the date fixed.
  8. Manner of Hearing. The Committee may adopt any manner of hearing that best the purpose of resolving the dispute objectively, fairly and amicably. The Committee shall always exert all possible efforts to settle the disputes or encourage the parties to enter into a compromise agreement. The Committee may schedule a series of hearings until the parties shall have completed the presentation of their respective evidence. After which, it shall decide the case within fifteen (15) days from the date of the last hearing, categorically stating the legal and factual basis of its decision.

9. Appeal to the Board of Directors. Any party to a controversy may appeal to the Board of Directors within fifteen (15) days from receipt of a copy of the decision. After the period to appeal, the decision of the committee shall become final and executory and can no longer be reopened, except when the appealing party can show proof that the decision is patently erroneous or obtained through fraud, accident, mistake and excusable negligence or the Committee has committed grave abuse of discretion.
10. Decision of the Board. Within thirty (30) days from receipt of the records of the case, the Board of Directors, constituting a quorum, shall review and decide the case, specifically stating the reasons and basis of its decision. The parties may be summoned to appear before the Board of Directors to clarify certain matters, or to submit additional evidence.
11. Appeal to the General Assembly. The decision of the Board of Directors may be appealed to the General Assembly whose decision shall be final, save those reserved to adjudicatory powers of the Cooperative Development Authority as provided under the Cooperative Code of the Philippines and other existing rules and laws.

**Section 58. DISPUTES INVOLVING MEMBERS OF THE MEDIATION AND CONCILIATION COMMITTEE AND BOARD OF DIRECTORS.** If one of the parties to a controversy is a member of the Conciliation Committee, the chairman shall endorse the case to the Board of Directors who shall resolve the case following the procedures prescribed in the proceeding section.

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

The rules on conciliation and mediation prescribed by the Authority shall have solitary application.

## **ARTICLE XI** **Miscellaneous**

**Section 59. Investment of Capital.** The Cooperative may invest its capital in any or all of the following:

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

**Section 60. Accounting System.** The Cooperative shall keep, maintain and preserve all its books of accounts and other financial records in accordance with generally accepted accounting principles and practices, applied consistently from year to year, and subject to existing rules and laws.

Section 61. **External Audit.** At least once a year, the Board of Directors shall in consultation with the Audit Committee, cause the audit of the books of accounts of the Cooperative by an independent Certified Public Accountant. *accredited by the CDA.*

Section 62. **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. The annual report shall be certified by the Chairman, Treasurer, Manager and other responsible officers of the Cooperative as true and correct in all aspects to the best of their knowledge. And the audited financial statements shall be certified by an independent Certified Public Accountant.

Copies of the annual report, social & performance audit reports, and audited financial statement shall be submitted to the Cooperative Development Authority within (120) days from the end of every calendar year.

The form and contents of the reports shall be prescribed by the rules of the Authority.

The fiscal year of the cooperative shall be the calendar year.

## ARTICLE XII Amendments

Section 63. **Amendments of Articles 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 Cooperative Code of the Philippines.

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

Voted and adopted this 10<sup>th</sup> day of March, 1998 in Hapao, Hunguan, Ifugao, Philippines.

Names	Signed
ANGELINA GANO	Sgd.
FRANCISCO BITTAOL	Sgd.
VICTOR MELONG	Sgd.
RAMON HIMMIWAT	Sgd.
TEOFILO GANO	Sgd.
EMILY ALBERTO	Sgd.
ANGELINA DACAWA	Sgd.
LOURDES BITOG	Sgd.
MARIETTA HIMMIWAT	Sgd.
REGINA GANO	Sgd.
CASILDA BUYA	Sgd.
ROSA PA-IT	Sgd.
JOSE UYAMI	Sgd.
OSCAR BUYUCAN	Sgd.

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DATE 10-10-2002