

**BY-LAWS
OF
WESTERN BOHOL TRANSPORT COOPERATIVE**

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned Filipino citizens, of legal age, and residents of the Philippines, representing at least majority of the members of this Transport Cooperative, do hereby adopt this By-laws.

**ARTICLE I
PURPOSES AND GOALS**

The purposes and goals of this Cooperative are those set forth in its Articles of Cooperation.

**ARTICLE II
MEMBERSHIP**

SECTION 1. QUALIFICATION FOR MEMBERSHIP – The membership of this Cooperative is open to all natural persons, Filipino citizens, and of legal age.

SECTION 2. REQUIREMENTS FOR MEMBERSHIP - A member must have complied with the following requirements:

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

SECTION 3. APPLICATION FOR MEMBERSHIP

- a. The application for membership shall be made in writing on a form provided for the purpose and shall be presented to the Board of Directors for action.
- b. An applicant rejected by the Board of Directors, may appeal his case to the next general assembly by giving notice to the Secretary of the cooperative thirty (30) days before the said General Assembly, whose decision on the matter shall be final.

SECTION 4. MINIMUM SHARE CAPITAL REQUIREMENT - An applicant shall subscribe at least FIFTY (50) shares and pay the value of FIVE THOUSAND PESOS (P5,000.00) upon approval of his/her membership.

SECTION 5. DUTIES AND RESPONSIBILITIES OF A MEMBER - Every member shall have the following duties:

- a. Pay the installment of his/her share capital subscription as it falls due and to participate in the capital build-up and savings mobilization activities of the Cooperative;
- b. Patronize the Cooperative's business(es) and services;
- c. Participate in the membership education programs and other activities and affairs of the Cooperative;
- 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.

SECTION 6. RIGHTS AND PRIVILEGES OF MEMBERS - A member shall have the following rights and privileges:

- a. Attend 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 audited financial statements, the minutes books, the share register, and other records of the Cooperative during reasonable office hours;
- d. Secure copies of Cooperative records/documents pertaining to the account information of the concerned member;
- e. Participate in the continuing education and other training programs of the Cooperative; and
- f. Such other rights and privileges as may be granted by the General Assembly.

SECTION 7. MEMBERS 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 shares required for membership;
- b. Not delinquent in the payment of his/her share capital subscriptions and other accounts or obligations; and
- c. Has participated in the affairs of the Cooperative and patronized its businesses in accordance with Cooperative's policies and guidelines;

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

Consequently, a member entitled to vote shall have the following additional rights:

- a. Participate and vote on all matters deliberated upon during General Assembly meetings;
- b. Seek any elective or appointive position, subject to the provisions of this By-laws and the Philippine Cooperative Code of 2008; and
- c. Such other rights and privileges as may be provided by the General Assembly.

SECTION 8. LIABILITY OF MEMBERS - A member shall be liable for the debts of the Cooperative only to the extent of his/her subscribed share capital.

SECTION 9. TERMINATION OF MEMBERSHIP - Termination of membership may be automatic, voluntary or involuntary, which shall have the effect of extinguishing all rights of a member in the Cooperative, subject to refund of share capital contributions under Section 11 hereof.

- a. **Automatic Termination of Membership** - The death or insanity of a member shall be considered an automatic termination of his/her membership in the Cooperative: Provided, however, that in case of death or insanity of a member of a Cooperative, the next-of-kin shall assume the duties and responsibilities of the original member.
- b. **Voluntary Termination** - A member may, for any valid reason, withdraw his/her membership from the Cooperative by giving a sixty (60) day notice to the Board of Directors.
- c. **Involuntary Termination** - A member may be terminated by a vote of the majority of all the members of the Board of Directors for any of the following causes:
 - i. Has not patronized the service(s)/business(es) of the Cooperative as provided for in the policies of the cooperative;

- ii. Has continuously failed to comply with his/her obligations as provided for in the policies of the Cooperative;
- iii. Has violated any provision of this By-laws and the policies of the Cooperative; and
- iv. For any act or omission injurious or prejudicial to the interest or the welfare of the Cooperative, as defined by the General Assembly.

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/her the opportunity to be heard.

The written decision of the board of directors shall be communicated in person or by registered mail to said member and is appealable within thirty (30) days from receipt thereof to the General Assembly or Appeal and Grievance Committee/Membership Committee, as the case may be, whose decision shall be final.

SECTION 11. REFUND OF SHARE CAPITAL CONTRIBUTION - A member whose membership is terminated shall be entitled to a refund of his/her share capital contribution and all other interests in the Cooperative. However, such refund shall not be made if upon payment the value of the assets of the Cooperative would be less than the aggregate amount of its debts and liabilities exclusive of his/her share capital contribution. In which case, the member shall continue to be entitled to the interest of his/her share capital contributions, patronage refund and the use of the services of the Cooperative until such time that all his/her interests in the Cooperative shall have been duly paid.

ARTICLE III GOVERNMENT

SECTION 1. MEMBERSHIP CONTROL - Subject to the provisions of R.A. 9520, and regulations issued thereunder, final authority in the management and administration of the affairs of the cooperative is vested in the general assembly.

SECTION 2. THE GENERAL ASSEMBLY - The general assembly of the cooperative shall be composed of such members who are entitled to vote under the articles of cooperation and by-laws of the cooperative duly assembled and constituting a quorum.

SECTION 3. POWERS AND LIMITATION OF THE GENERAL ASSEMBLY - The general assembly shall be the highest policy-making body of the cooperative and shall exercise such powers as are stated in R.A. 9520, in the articles of cooperation and in the By-laws of the cooperative. The general assembly shall have the following exclusive powers which cannot be delegated:

- a. To elect and remove directors, officers and committee members for cause;
- b. To hear and pass upon the reports of the Board of Directors, officers and committees;
- c. To take final decisions regarding any drastic change in financial policies, subject to legal restrictions;
- d. To determine the amendment/s in the articles of cooperation and/or by-laws;
- e. To exercise final authority on all matters vitally affecting the cooperative;
- f. To approve developmental plans of the cooperative; and
- g. To exercise all powers expressly provided by law and the bylaws.

SECTION 4. ANNUAL GENERAL ASSEMBLY – The annual assembly shall be held on any date and place designated by the Board within ninety (90) days after close of the fiscal year.

SECTION 5. SPECIAL GENERAL ASSEMBLY – Notice of any Special General Assembly meeting shall be served by the Secretary personally or his/her duly authorized representative, by registered mail, or by electronic means upon each members who are entitled to vote at his/her last known postal address, or by posting or publication, or through other electronic means, at least one (1) week before the said meeting. It shall state the purpose and, except for related issues, no other business shall be considered during the meeting.

SECTION 6. AGENDA – As far as practicable, the order of business at each annual meeting shall be:

- a. Roll Call;
- b. Proof of due notice;
- c. Consideration of the minutes of the last general meeting
- d. Consideration of the consolidated report of officers, board of directors and committees including audited statements of financial condition and operations;
- e. Unfinished business;
- f. Election of directors and committee members;
- g. New business; and
- h. Adjournment

SECTION 7. QUORUM AT THE MEMBERSHIP ASSEMBLY – Unless otherwise provided in the by-laws, a quorum shall consist of twenty-five per centum (25%) of all the members entitled to vote.

SECTION 8. MANNER OF VOTING - Only members entitled to vote shall be qualified to participate and vote in any General Assembly meeting. Each member shall have one vote regardless of the amount of his deposits and no member shall vote by proxy.

Election and removal of directors and committee members shall be by secret ballot. Action on all other matters shall be by “yes” or “no” vote, or by hand raising, as the majority of the members present may decide.

SECTION 9. BOARD OF DIRECTORS AND NUMBER – The Cooperative shall be managed by a Board of Directors consisting of 5 directors.

SECTION 10. QUALIFICATIONS OF, AND DISQUALIFICATIONS FOR DIRECTORS AND COMMITTEE MEMBERS – Any member of the Cooperative who has acquired the right to vote and who does not possess any of the disqualifications provided hereunder shall be eligible to the position of director:

- a. Holding any elective position in the government, except that of barangay officials;
- b. Having conflicting interest with the business of the cooperative;
- c. Having been absent for three (3) consecutive board meetings without being excused;
- d. 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;
- e. Facing, as respondents or defendant, on administrative proceeding or civil/criminal suits involving financial and/or property accountability; and
- f. Having been disqualified pursuant to disqualifications prescribed by law.

SECTION 11. ELECTION OF DIRECTORS - The members of the Board of Directors shall be elected by secret ballot by the members entitled to vote at the annual regular General Assembly.

SECTION 12. DIRECTORS MEETING, ELECTION OF OFFICERS – A meeting of the members of the Boards of Directors shall be held within ten (10) days after each annual general assembly to elect by secret ballot from among themselves a President, and a Vice-President.

Special meetings of the Board may be called by the President or in his absence, by the Vice-President, or by a majority of the directors. The call for a special meeting shall be addressed and delivered to the Secretary stating the date, time and place of such meeting and the matters to be acted upon. Notice of regular and 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.

SECTION 13. QUORUM OF DIRECTORS' MEETING – One-half plus one of the total number of directors in the Board shall constitute a quorum for the transaction of the corporate business of the Cooperative, and every resolution of the majority of the quorum duly assembled in a meeting shall be valid as a cooperative act.

SECTION 14. VACANCIES – When a vacancy in the Board occurs by reason of death, incapacity, removal or resignation, the remaining members of the board constituting a quorum shall fill the vacancy. If the remaining members of the Board do not constitute a quorum, the vacancy shall be filled by the general assembly in a regular or special meeting called for the purpose. The successor named in either of the two instances, shall serve for the unexpired portion of the term.

In the event that the assembly cannot muster a quorum to fill the positions vacated by directors whose term have expired and said directors refuse to hold-over until their successors shall have been elected and qualified, the remaining Board together with the hold-over members of the Audit Committee shall designate from among the qualified members the directors who shall serve until their successors are elected and qualified in the annual or special general assembly called for the purpose.

Vacancies in the elective committees shall be filled by the remaining members constituting a quorum, or if there is no quorum the Board may cause an election to fill the vacancies or appoint person/s to fill the same.

SECTION 15. REMOVAL OF DIRECTORS AND COMMITTEE MEMBERS – Any elected director or committee may be removed from the office for cause by the members based upon a written complaint signed by at least three members and filed with the Secretary and by a vote of two-thirds of all the members present constituting a quorum at a regular or special general assembly called for the purpose upon notification in the latter case to the members of their intention to propose such removal at such meeting. In such case, the Director or committee member concerned must be furnished by the Secretary with a copy of the charges against him at least five (5) days before the date of the general assembly.

Any officer elected/appointed by the Board of Directors, Election Committee and Audit Committee members, may be removed from office for cause by a majority vote of the entire membership of the Board or Committee as the case maybe.

SECTION 16. POWERS AND DUTIES OF THE BOARD – The Board shall have general management and control of the affairs of the cooperative. It shall be its special duty to:

- a. Act upon all applications for membership and on resignation, withdrawal or expulsion of members;
- b. Fix from time to time, the amount of bond of the Treasurer and any other who handles money or are authorized to draw check in the name of the Cooperative;
- c. Determine from time to time the maximum deposits and loan policies;

- d. Subject to limitation by this By-Laws, determine the interest rate on savings deposits and fix the maximum amount which may be loaned to any member with or without security;
- e. To fix the compensation of the Treasurer and employees and prescribe the duties of the latter;
- f. To designate the depository or depositories for the funds;
- g. Recommend amendments to this By-laws; and
- h. Perform such other duties as the members may from time to time.

SECTION 17. ELECTION COMMITTEE – The election committee shall be composed of three members elected during the annual general assembly. Within ten (10) days after their election, they shall elect their Chairman, Vice-Chairman and Secretary. No member of the committee shall serve in the board or in any other elective committees. The committee shall promulgate rules and regulations in the conduct of election, pass upon the qualification of candidates, supervise the conduct of the election, canvass and certify in writing the returns to the presiding officer, proclaim the winning candidates and shall decide election protest. Election protest filed by the members of the Election Committee shall be decided by the Board of Directors. The decision of the Election Committee or the Board of Directors may be appealed to the CDA within 15 days from notice for decision by itself or if either of the parties so desire, to arbitration of three (3) persons one of whom shall come from the CDA and the two (2) to be nominated by each of the parties concerned.

In the appreciation of ballots, cumulative voting shall be disregarded and a vote for a director or committee member shall be counted as one vote.

SECTION 18. AUDIT COMMITTEE – An Audit Committee shall be composed of three (3) members elected during the annual general assembly. In no case shall a member of the committee serve as a member of the Board of Directors at the same time and vice-versa. Within ten (10) days after their election, the members of the Committee shall elect among themselves a Chairman, Vice-Chairman and a Secretary. The members of the Committee shall hold office for one year until their successors shall have been elected and qualified. The Committee shall provide internal audit service, maintain a complete record of its examination and inventory and submit audited quarterly reports to the Board and audited annual financial reports to the general assembly.

SECTION 19. OTHER COMMITTEES – Other committees may be formed and/or created and their powers/functions defined by the Board as the business and operations of cooperative may require. Said committees shall assist the board of directors in the implementation of the cooperative development program.

SECTION 20. OFFICERS AND THEIR DUTIES

PRESIDENT – The President shall:

- a. Preside at general assemblies and at meetings of the Board;
- b. Countersign all checks, drafts and notes drawn by the Cooperative;
- c. Sign share certificates and other documents which the board may authorize or direct him to sign; and
- d. Perform all other duties connected with his office and as the Board may prescribe.

VICE PRESIDENT – In the absence or disability of the President, the Vice President shall perform the duties of the President; provided, however, that in the case of death, resignation or removal of the President, the Board of Directors may decide to elect his successor.

TREASURER – The Treasurer shall have the following duties:

- a. He shall be the general manager and custodian of the corporate funds, securities, books of accounts and all other valuable properties and documents of the cooperative;

- b. He shall pay out no money except upon proper authority;
- c. He shall sign all checks, drafts and notes and other negotiable papers drawn by the cooperative or required in the process of its business;
- d. He shall maintain records of accounts in such a manner that the true and correct condition of the Cooperative may be ascertained therefore at any time;
- e. He shall render an annual financial statements in the form and manner prescribed by the CDA and submit to the CDA Director yearly financial reports and statistical information;
- f. He shall carefully preserve all the books, documents, records and correspondence of whatever kind pertaining to the business which may come in his possession;
- g. He shall give a bond with a good and sufficient surety in an amount and character to be determined from time to time by the Board, conditioned upon the faithful performance of his trust; and
- h. Upon the election of his successor, the Treasurer shall turn over to him all money, securities, valuable documents, books, records, and other property of the cooperative that he may have in his possession.

SECRETARY – The Secretary shall have the following duties:

- a. He shall keep a complete list of all the members and correct record of all meetings of the Board and general assembly;
- b. He shall give notice of all meetings called. It shall be his duty to furnish the CDA Director with copies of minutes of all kinds of meetings as they are held and resolutions passed by the Board and the members and shall perform other duties incident to his office;
- c. In the absence of the Treasurer, he shall perform his duties; and
- d. Upon the election or appointment of his successor, he shall turn over to him all books and property belonging to the cooperative that he may have in his possession.

SECTION 21. 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 such directors, officers or committee members shall be liable jointly and severally for all damages or profits resulting there from to the cooperative, members and other persons.

When a director, officer or committee member attempts to acquire or acquires, in violation of his duty, 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 and for double the profits which otherwise would have accrued to the cooperative.

SECTION 22. COMPENSATION - Subject to the approval of the General Assembly, the members of the Board of Directors and Committees may, in addition to per diems for actual attendance to board and committee meetings, and reimbursement of actual and necessary expenses while performing functions in behalf of the Cooperative, be given regular compensation; Provided, further, that the directors and officers shall not be entitled to any per diem when, if in the preceding calendar year, the Cooperative reported a net loss or had a dividend rate less than the official inflation rate for the same year.

ARTICLE IV CAPITAL STRUCTURE

SECTION 1. SOURCE OF FUNDS - The Cooperative may derive its funds from any or all of the following sources:

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

SECTION 2. CONTINUOUS CAPITAL BUILD-UP - Every member shall have invested in any or all of the following:

- a. At least One Hundred Pesos (Php100) per month;
- b. At least 10 percent (10%) of his/her annual interest on capital and patronage refund; and
- c. At least 10 percent (10%) of each good procured /service acquired from the cooperative.

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

SECTION 4. REVOLVING CAPITAL - To strengthen the capital structure of the Cooperative, the General Assembly may authorize the Board of Directors to raise a revolving capital by deferring the payment of patronage refunds and interest on share capital, or such other schemes as may be legally adopted. To implement this provision, the Board of Directors shall issue a Revolving Capital Certificate with serial number, name, rate of interest, date of retirement and such other privileges or restrictions as may be deemed just and equitable.

SECTION 5. SHARE CAPITAL CONTRIBUTION - Share Capital Contribution refers to the value of the paid subscription by a member in accordance with its Articles of Cooperation.

SECTION 6. SHARE CAPITAL CERTIFICATE - The Board of Directors shall issue a Share Capital Certificate only to a member who has fully paid his/her subscription. The Certificate shall be serially numbered and contain the 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 cooperative. All certificates issued and/or transferred shall be registered in the cooperative's Share and Transfer Book.

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

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

SECTION 7. ASSIGNMENT OF SHARE CAPITAL CONTRIBUTION OR INTEREST - Subject to the provisions of the Code, no member shall transfer his/her shares or interest in the cooperative or any part thereof unless:

- a. He/she has held such share capital contribution or interest for not less than one (1) year;
- b. The assignment is made to the cooperative or to a person who falls within the field of membership of the Cooperative; and
- c. The Board of Directors has approved such assignment.

The assignment 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 has been endorsed and surrendered to the Cooperative and a new certificate is issued in the name of the member transferee. The corresponding transfer fee shall be collected from the transferee as prescribed in the Cooperative policy.

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

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

ARTICLE V

ALLOCATION AND DISTRIBUTION OF NET SURPLUS

SECTION 1. ALLOCATION - At the end of its calendar 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. Provided, that in the first five (5) years of operation after registration, this amount shall not be less than fifty per centum (50%) of the net surplus. The reserve fund shall be subjected to the following rules:
 - i. The reserve fund shall be used for the stability of the Cooperative and to meet net losses in its operations. The General Assembly may decrease the amount allocated to the reserve fund when it has already exceeded the authorized share capital. Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.
 - ii. The reserve fund shall not be utilized for investment, other than those allowed in the Cooperative Code. Such sum of the reserve fund in excess of the authorized share capital may be used at any time for any project that would expand the operations of the Cooperative upon the resolution of the General Assembly.
 - iii. Upon the dissolution of the Cooperative, the reserve fund shall not be distributed among the members. However, the General Assembly may resolve:
 - A. To establish a usufructuary trust fund for the benefit of any federation or union to which the Cooperative is affiliated; or
 - B. To donate, contribute or otherwise dispose of the amount for the benefit of the community where the Cooperative operates. If the member could not decide on the disposition of the reserve fund, the same shall be given to the federation or union to which the Cooperative is affiliated.
- b. Education and Training Fund – Ten percent (10%) shall be set aside for Education and Training Fund.
 - i. Half of the amount allocated to the education and training fund annually under this subsection may be spent by the cooperative for education and training purposes; while the other half may be remitted to a union or federation chosen by the Cooperative or of which it is a member.
 - ii. Upon the dissolution of the cooperative, the unexpended balance of the education and training fund pertaining to the Cooperative shall be credited to the Cooperative education and training fund of the chosen union or federation.

- c. Community Development Fund - Five percent (5%) shall be used for projects and activities that will benefit the community where the Cooperative operates.
- d. Optional Fund, Land and Building and any other necessary fund - Five percent (5%) shall be set aside for this purpose.

SECTION 2. INTEREST ON SHARE CAPITAL AND PATRONAGE REFUND - The remaining net surplus shall be made available to the members in the form of interest on share capital not to exceed the normal rate of return on investment and patronage refunds. Provided, that any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserved fund. The sum allocated for patronage refund shall be made available at the same rate to all patrons of the Cooperative in proportion to their individual patronage, provided that:

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

ARTICLE VI MISCELLANEOUS

SECTION 1. INVESTMENT OF CAPITAL – The Cooperative may invest its capital in any of the following:

- a. In any reputable bank in the locality, or any cooperative;
- b. In securities issued or guaranteed by Government;
- c. In real estate primarily for the use of the cooperative or its members; or
- d. In any other manner approved by the general assembly.

SECTION 2. VEHICLE OWNERSHIP - All members of the cooperative shall transfer the management of their units to the cooperative by means of Management Agreement for purpose of franchise consolidation in order to provide efficient transport service including but not limited to the designation of routes, scheduling of trips, registration of vehicles and overall supervision of unit.

The cooperative shall procure transportation vehicles which shall be registered in the name of the cooperative which shall be responsible for the operational expenses of the units including maintenance, registration, fuel and driver's salaries and operators' benefits.

SECTION 3. BOOKS OF ACCOUNTS – The cooperative shall keep and maintain adequate book of accounts in accordance with generally accepted accounting principles and practices applied consistently from year to year subject, however, to the provisions of R.A. 9520.

SECTION 4. 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.

SECTION 5. ANNUAL REPORT – The cooperative shall make an annual report of its financial affairs to its members at the general assembly together with the audited financial statements. The report and statements shall be certified to by the President, Treasurer and other responsible officers of the cooperative as true and correct in all aspects to the best of their knowledge.

Copy of the annual report shall be submitted to the CDA within sixty (60) days from the end of the fiscal year.

SECTION 6. SETTLEMENT OF DISPUTES – Any dispute arising between or among members of the Board of Directors, Committees, directors, officers and individual members shall be referred to arbitration or three (3) members, one shall come from the federation or union of which the cooperative is a member and/or operating within its area of operation and the two to be nominated by each of the parties concerned. The award of the arbitrators may be appealed to the CDA within 15 days from date of notice.

If the dispute is one involving complicated questions of law and fact, the parties involved may refer the same to the CDA.

ARTICLE VII AMENDMENTS

SECTION 1. AMENDMENTS – This By-laws may be amended, repealed or altered in whole or in part at any regular or special general assembly called for the purpose by two-thirds (2/3) vote of all the members with voting rights. The amendments shall take effect upon receipt by the cooperative of the corresponding Certificate of Registration issued by the Cooperative Development Authority.