

**BY LAWS OF THE  
DE LA SALLE CREDIT COOPERATIVE**

**KNOW ALL MEN BY THESE PRESENTS:**

We, the undersigned, citizens and residents of the Philippines, representing a majority of the members of the DE LA SALLE CREDIT COOPERATIVE (DLSCC), a primary credit cooperative hereinafter referred to a Cooperative, do hereby adopt the code of by-laws.

**ARTICLE I  
OBJECTIVES AND PURPOSES**

**SECTION 1. OBJECTIVES AND PURPOSES** – The objectives and purposes for which this cooperative is formed are:

1. To inculcate a culture of thrift and assist members to attain financial stability through periodic savings and financial discipline among members;
2. To create funds and grant loans to members for productive and providential purposes;
3. To promote the upliftment of the quality of life of its members through mutual and cooperative assistance;
4. To ensure financial and organizational stability through good governance and prudent management of financial, human and other resources guided by the Lasallian values;
5. To continually expand and improve services to members through the use of modern technology and availment of external resources;
6. To collect, invest and reinvest all monies and income coming to it, while they are not loaned out to members, and hold the same for the benefit of the Cooperative;
7. To work with the cooperative movement, non-government and government organizations/entities in the promotion and development of cooperatives and in carrying out government policies;
8. To undertake other activities for the effective and efficient implementation of the provisions of the Cooperative code.

**ARTICLE II  
MEMBERSHIP**

**SECTION 1. QUALIFICATIONS FOR MEMBERSHIP** – That membership of this cooperative shall be open to all bonafide employees of De La Salle University, De La Salle-College of Saint Benilde, De La Salle Santiago Zobel School, De La Salle University-Dasmariñas, De La Salle-Health Sciences Institute, De La Salle-Canlubang, De La Salle Credit Cooperative, and other affiliates of DLSU. These are employees, who can

make use of its services, are in agreement with its purposes and its by-laws.

Membership may be opened to employees of other Lasallian schools that formally signified to be associated with the DLSCC as approved by the Board of Directors and the General Assembly.

The prospective members should:

1. Pledge to undertake the responsibilities of members;
2. Complete the prescribed pre-membership cooperative education program;
3. Use or anticipate to use the services of the cooperative more particularly the savings and loaning services and other allied services relative thereto; and
4. Provided that no member shall be accepted if he/she is already a member of an existing cooperative of the same kind operating in the same area.

## **SECTION 2. TYPE OF MEMBERSHIP**

### a. Regular Member

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

### b. Retired Regular Member

A member who has retired but opted to continue membership in the Cooperative. A retired regular member has the right to vote but not be voted upon. However, he/she may be appointed to serve in non-elective Committees.

### c. Honorary Member

Former members, (administrators, faculty, Brothers, alumni) and other distinguished persons who have contributed to the growth of the Cooperative movement by unanimous resolution declaration of the Board of Directors and their acceptance as such.

## **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.

The application shall be accompanied by a membership fee of One Hundred (Php100) Pesos which may be adjusted by the Board from time-to-time.

- b. The applicant shall subscribe to at least ONE HUNDRED (100) shares with a total value of Php10,000 of which at least Php100 corresponding to 1 share shall be paid upon submission of the

application for membership. The membership and subscription agreement shall provide the terms of payment on the unpaid subscription.

However, no member shall own or hold more than twenty percentum (20%) of the share capital of the cooperative.

- c. Appeal – 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. DUTIES OF A MEMBER** – Every member shall have the following duties:

- a. Pay the installment on capital stock subscription as it falls due and to participate on the capital build-up of the cooperative;
- b. Patronize regularly its business;
- c. Participate in its parliamentary affairs;
- d. Attend the membership meeting, regular or special;
- e. Obey all rules and regulations provided by R.A. 9520 (An act Amending the Cooperative Code of the Philippines), these By-laws, the decisions of the general assembly and the Board of Directors, and policies and decisions that may be promulgated by the Cooperative Development Authority (CDA); and
- f. Promote the aims and purposes of the cooperative, the success of its business, the welfare of its members and the cooperative movement as a whole.

The Board may determine additional duties that may qualify members of good standing.

**SECTION 5. RIGHTS OF A MEMBER** – Every member who is entitled to vote have the following rights:

- a. Participate in the deliberation during membership meetings;
- b. Vote on all matters brought before such meetings;
- c. Seek any elective position, subject to the provisions of Section 12 Article III of these by-laws;
- d. Avail himself of the services of the cooperative without any discrimination whatsoever upon compliance with the conditions and requirements thereof; and
- e. Inspect and examine the books of accounts, the minutes books, the share register, and other records of the cooperative during office hours and to exercise other rights and privileges of membership.

A member is entitled to vote when he:

- a. Has paid the required membership fee and the value of at least 25 shares as provided in Section 3 of this Article;
- b. Is not delinquent in the payment of his capital contribution and accounts;
- c. Has not violated any provision of these by-laws, rules and regulations, circulars/memoranda and other issuances of the CDA, membership and subscription agreements and other instruments required of him to execute as provided in these by-laws or as prescribed by the Board of Directors;
- d. Has attended and completed the prescribed cooperative seminars;
- e. Patronizes regularly the business of the cooperative and participates in its parliamentary affairs; and
- f. Complies with all obligations, duties and undertakings of membership.

**SECTION 6. LIABILITY OF MEMBERS** – The liability of a member shall be limited. No member shall be liable for any indebtedness of the cooperative beyond his subscribed shares.

**SECTION 7. TERMINATION OF MEMBERSHIP** – Membership in the cooperative may be terminated either by withdrawal, expulsion or death. A member who leaves the sphere of operation of the DLSCC shall cease to be a member of the Credit Cooperative.

**SECTION 8. WITHDRAWAL** – Any member desiring to terminate his membership by withdrawal shall submit a written application 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.

**SECTION 9. EXPULSION** – A member may be terminated by a vote of the majority of all the members of the board of directors for any of the following causes:

- a. When a member has not patronized the services of the cooperative for an unreasonable period of time as may be fixed by the board of directors;
- b. When a member has continuously failed to comply with his obligations;
- c. When a member has acted in violation of the by-laws and the rules of the cooperative;
- d. For any act or omission injurious or prejudicial to the interest or the welfare of the cooperative; and
- e. When a member became a member of another cooperative of the same type in the same area of operation.

A member whose membership the board of directors may wish to terminate shall be informed of such intended action in writing and shall

be given an opportunity to be heard before the said board makes its decision. The decision of the board shall be in writing and shall be communicated in person or by registered mail to the member and shall be appealable, within thirty (30) days after the decision is promulgated, to the general assembly whose decision therein, whether in a general or special sessions, shall be final. Pending a decision by the general assembly, the membership remains in force.

**SECTION 10. APPRAISAL AND PAYMENT OF MEMBERS' INTEREST UPON TERMINATION OF MEMBERSHIP** – Upon the termination of the membership of a member, the Board of Directors shall determine the book value of the member's share capital, in no case to exceed the par value, as established at the year-end audited financial statement nearest to the date of termination and shall fix the amount thereof in money to be paid subject to the availability of funds. Within one year after such termination, or, at the option of an expelled or withdrawing member or the heir or his legal representative, he may, in lieu of cash, be issued a revolving fund certificate or other evidence of indebtedness: Provided, however, that payment of said equity in cash shall not be made if on account of such payment the value of the cooperative's assets would be less than the aggregate amount of its debts and liabilities exclusive of capital stock subscribed, or will diminish the reserves required under existing laws.

### **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 by-laws.

**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** – A special general assembly may be called at any convenient time and date upon the call of the President or the majority of the Board. A special general assembly may be called by the Secretary at the instruction of the Audit and Inventory Committee or the request of ten percent of the members of the DLSCC stating the time, place, date and purpose thereof in writing, or by the Chair of the CDA or his duly authorized representative.

**SECTION 6. NOTICE OF GENERAL ASSEMBLY** – Written notice of regular meetings shall be sent to all members of record at their official addresses at least two (2) weeks prior to the meeting.

Notice of any special general assembly shall state the purpose for which it is to be held and no other business other than the stated purpose or those related thereto shall be considered in the meeting.

**SECTION 7. FISCAL YEAR** – The fiscal year of this cooperative shall commence on the first day of January and end on the last day of December.

**SECTION 8. 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 9. 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 10. MANNER OF VOTING** – 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 11. BOARD OF DIRECTORS AND NUMBER** - The De La Salle Credit Cooperative shall be managed by a Board of Directors consisting of nine (9) directors.

**SECTION 12. QUALIFICATIONS OF, AND DISQUALIFICATIONS FOR DIRECTORS AND COMMITTEE MEMBERS** – Any member of the De La Salle Credit 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. Being full-time employees of the cooperative;
- 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. Facing, as respondents or defendant, on administrative proceeding or civil/criminal suits involving financial and/or property accountability; and
- g. Having been disqualified pursuant to disqualifications prescribed by law.

No employees of the DLSCC shall serve in the Board or in any of the committees of the Cooperative. Any director, officer, or committee member who is found to be delinquent after proper hearing, in the payment of his account with the DLSCC, automatically forfeits his office and the Board shall have the right to declare his position vacant and to fill the vacancy. No member of the Board shall serve in the Credit or Supervisory Committee.

**SECTION 13. 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. Four (4) from De La Salle University and one each from the five campuses, provided they have a minimum of 200 members.

**SECTION 14. 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. The Treasurer and the Secretary must not come from the Board. The Board of Directors may fill either or both of said positions by appointment. The elected officers shall hold office for a term of one year or until the election, qualification and assumption into office of their successors. 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 in the same Board. Thereafter, the Board of Directors shall meet at least once a month.

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 15. 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 De La Salle Credit Cooperative, and every resolution of the majority of the quorum duly assembled in a meeting shall be valid as a cooperative act.

**SECTION 16. 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 17. 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, Audit and Inventory Committee and Credit 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 18. 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 De La Salle Credit 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 of the DLSCC;
- g. Recommend amendments to this By-laws; and
- h. Perform such other duties as the members may from time to time.

**SECTION 19. 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 20. AUDIT AND INVENTORY COMMITTEE** – An Audit and Inventory 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 21. CREDIT COMMITTEE** – The credit committee shall be composed of three (3) members elected at the annual general assembly for a term of one year, or until their successors are elected and qualified. Within ten (10) days after election, the members shall elect among themselves a Chairman and a Secretary.

The Committee shall be responsible for the Credit Management of the DLSCC. In the performance of its function, it shall:

1. Process, evaluate, and act upon loan applications 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 over all loans to members.

**SECTION 22. QUALIFICATIONS OF, DISQUALIFICATIONS FOR, COMMITTEE MEMBERS** – The qualifications and disqualifications provided for directors shall apply to the members of the Credit, Audit and Inventory and Election Committee.

**SECTION 23. EDUCATION AND TRAINING COMMITTEE** – The Education and Training Committee shall be composed of such number as may be determined by the Board and appointed by it for a term of one year, without prejudice to their reappointment. The Vice President shall serve as ex-officio chairman of the committee. The committee shall be responsible in planning and implementing promotional and educational activities of the cooperative.

**SECTION 24. MEDIATION AND CONCILIATION** - The Mediation and Conciliation Committee shall be composed of such number as may be determined by the Board and appointed by it for a term of two (2) years, without prejudice to their reappointment. The Committee shall be responsible in settling among complaints among members and officers and to make rules and policies.

**SECTION 25. ETHICS COMMITTEE** - The Ethics Committee shall be composed of such number as may be determined by the Board and appointed by it for a term of two (2 ) years, without prejudice to their reappointment. The Committee shall be responsible in ensuring that all officers, staff, and members shall abide and adhere to the Code of Ethics of the Cooperative.

**SECTION 26. 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 27. 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 DLSCC;
- 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 DLSCC;
- 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 DLSCC 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 DLSCC 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 DLSCC 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 DLSCC that he may have in his possession.

**SECTION 28. 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 therefrom 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 29. MANAGEMENT STAFF** – The Board of Directors shall appoint the members of the Management Staff, fix their compensation and tenure.

**GENERAL MANAGER** – No person shall be appointed to the position of general manager unless he possesses the following qualifications and none of the disqualifications hereinbelow enumerated:

- a. He must be familiar with the business operation of the cooperative;
- b. He must at least be a college graduate;
- c. He must have at least two (2) years experience in cooperative or related business;
- d. He must be honest and must have a deep sense of responsibility;
- e. He must not be engaged directly or indirectly in any business similar to that handled by the cooperative;
- f. He must not have been convicted of any administrative or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- g. He must not be addicted to any form of gambling or immoral or vicious habits; and
- h. He must be willing to undergo pre-service and/or in-service trainings.

**DUTIES OF THE GENERAL MANAGER:**

- a. The General Manager shall, under policies set by the General Assembly and the Board of Directors, have general charge of all the phases of the business operations of the cooperative. Upon the appointment of his successor, he shall turn over to him all

monies and properties belonging to the cooperative which he has in his possession or over which he has control;

- b. He shall maintain his records and accounts in such manner that the true and correct condition of the business of the cooperative may be ascertained therefrom at any time. He shall render annual and periodic statements and reports in the form and in the manner prescribed by the Board of Directors, and preserve the books, documents, correspondence and records of whatever kind pertaining to the business which may come into his possession; and
- c. Subject to the policies of the Board of Directors; he may employ, supervise and dismiss any agent and employee in the management force; and
- d. Post an adequate bond to assure the faithful performance of his duties.

**ACCOUNTANT** – No person shall be appointed to the position of accountant unless he possesses the following qualifications and none of the disqualifications hereinbelow enumerated:

- a. He must be at least a Commerce graduate, major in accounting;
- b. He must have at least two (2) years experience in cooperatives or related business;
- c. He must be honest and must have a deep sense of responsibility;
- d. He must not be engaged directly or indirectly in any business similar to that handled by the cooperative;
- e. He must not have been convicted of any administrative or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- f. He must not be addicted to any form of gambling or immoral or vicious habits; and
- g. He must be willing to undergo pre-service and/or in-service trainings.

**DUTIES OF THE ACCOUNTANT:**

- a. He shall install an adequate and effective accounting system in the cooperative;
- b. He shall render monthly reports to the Board of Directors on the financial condition and operations of the cooperative and annual reports to the general assembly or as may be required;
- c. He shall coordinate with the manager and the Audit and Inventory Committee in assisting the Board in the preparation of the annual budget; and

- d. He shall assist the President in the preservation of the books of accounts, documents, vouchers, contracts and records of whatever kind pertaining to the business of the cooperative which may come to his possession.

The Accountant shall be under the manager for purposes of administrative supervision, but shall be directly responsible to the Board of Directors in the performance of his duties.

**SECTION 30. COMPENSATION** – No officer, director, or member of either Credit, Audit and Inventory or Election Committee, except the Treasurer and other employees shall receive compensation for his services. Directors and committee members may be given per diem allowance while in actual attendance at Board or Committee meetings or while performing committee work as determined by the Board, provided the total compensation which includes salaries, wages, bonuses, per diem allowances and all sorts of honoraria of officers, committee members and employees does not exceed forty per centum (40%) of the gross income of the DLSCC.

#### **ARTICLE IV CAPITAL STRUCTURE**

**SECTION 1. SOURCE OF FUNDS** – The cooperative shall derive its funds from:

- a. Share capital;
- b. Deposits;
- c. Capital reserve;
- d. Loan Capital;
- e. Other sources of funds authorized by law.

**SECTION 2. CONTINUOUS CAPITAL BUILD-UP** - Every member shall invest in the share capital build-up of the cooperative at least ONE HUNDRED PESOS (P100.00) of his monthly income until he has paid FIFTY THOUSAND PESOS (Php50,000.00).

**SECTION 3. SAVINGS DEPOSITS** – Any member, in addition to his share capital investment, may open a savings deposit, the rate of interest of which shall be determined by the Board, in no case to exceed the rate prescribed by Banko Sentral.

Savings deposits not failing below any amount set by the Board during any calendar month shall be entitled to interest to be computed annually based on the average monthly balance outstanding during the period. The interest shall be paid to the member during the General Assembly Meeting.

Savings deposits may be withdrawn during the depositor's membership at any time that the office of the DLSCC is open for business, but no member shall be allowed to withdraw therefrom more than two times a year, except on meritorious cases and upon approval of the Credit Committee and the Board whenever conditions warrant it. The Credit Committee may require at least sixty (60) days notice in writing of the depositor's intention to make withdrawal.

**SECTION 4. BORROWING** – The cooperative, through the Board of Directors with the approval of the General Assembly may borrow money from any source at the best terms and conditions available and in such amount that may be needed.

**SECTION 5. SHARE CAPITAL** – The term “share” shall refer to a unit of capital, the value of which is ONE HUNDRED PESOS (Php100.00).

Serrially numbered certificates of the cooperative shall be issued to each member upon the full payment of the subscription, and for subsequent shares as they are paid for. The certificate shall contain the shareholder’s name, the number of shares owned, the par value and duly signed by the President and the Secretary, and bearing the official seal of the cooperative. All issues and transfers shall be registered in the stock and transfer book.

The shares may be purchased, owned or 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 such interest may be in cash, or credited towards payment of subscriptions, outstanding accounts, or additional shares or to the revolving fund of the cooperative.

#### **SECTION 6. TRANSFER OF SHARES**

1. The cooperative shall have first option to buy any share offered for sale. The amount to be paid for such shares shall be the par value or book value, whichever is lower.
2. If the cooperative is not in a position or otherwise refuses to purchase such shares, the member shall have the right to sell them to any person eligible for membership in the cooperative.
3. A member shall not transfer any share held by him or interest in the cooperative or any part thereof, unless:
  - a. He has held such shares or interest for at least one year;
  - b. The transfer is made to a member of the cooperative or to a person who falls within the field of membership of the cooperative, provided said person is acceptable to the cooperative; and
  - c. The Board has approved such transfer.
4. Transfer of shares shall not be binding to the cooperative until such transfer has been registered in its stock and transfer book. No transfer shall be completed until the old certificates shall have been endorsed and surrendered and a new certificate issued in the name of the member. The last transferee, if a new member, shall pay the required membership fee. A transfer fee of Php100 shall be charged.
5. In the case of loss or destruction of a certificate of stock, another may be issued in its place to the owner thereof after executing an affidavit in triplicate setting forth the following:

- a. Circumstance as to how, when and where said certificate was lost or destroyed;
- b. The number of shares represented by the certificate;
- c. The serial number of the certificates; and
- d. The lost or destroyed certificate has never been transferred, sold or endorsed to any third party and that should the same be found, the owner shall surrender it to the cooperative.

Any false representation or statement made in the aforesaid affidavit shall be a ground for expulsion from the cooperative.

## **ARTICLE V LOANS**

**SECTION 1. WHO MAY BORROW** – Loans may be granted to any member in good standing subject to rules and regulations contained in this By-Laws and those that may be promulgated by the CDA. However, no loan may be made to a member already indebted to the DLSCC unless he shall, at the time of taking out the second loan, pay the balance of the previous loan and provided that the second loan is within the borrower's borrowing capacity; provided further that loans renewed on or before sixty per centum (60%) of the original loan is paid, only forty per centum (40%) of the interest collected in advance on the unpaid balance shall be reimbursed.

**SECTION 2. AMOUNT AND TERMS OF LOAN** – Loans not exceeding an amount fixed by the Board may be granted to any member in good standing on his promissory note, subject to such uniform conditions as the Board or the Credit Committee may impose. The amount of the loan which a member can borrow shall be in accordance with his earning capacity, fixed deposit, plus his savings with the DLSCC and the solvency of his co-maker or guarantor but in no case should the amount of the loan to one individual member exceed the maximum amount set by the Board, provided: That the Board with the concurrence of the Audit Committee may, whenever in their sound judgment and conditions warrant, elect by unanimous vote to increase the maximum amount which an individual may borrow. An assignment of deposit and the endorsement of a note shall be deemed security.

**SECTION 3. LOAN POLICY** – All loans shall be secured by a promissory note duly signed by the borrower and an assignment or pledge of his deposits. The Credit Committee, upon recommendation of the Treasurer, may require additional security in the form of co-maker(s) who shall be jointly and severally liable for the loan. In exceptional cases, the Credit Committee may demand other forms of security to ensure full repayment of the loan.

The DLSCC shall have an absolute lien on the deposits and interest due thereon from any member to the extent of any loan made to and/or secured by him and any dues, fees or fines payable by him.

**SECTION 4. APPLICATION FOR LOAN** – A loan application shall state specifically the purpose for which the money is to be used. In case the facts as stated in the application are found not true as presented, the

loan may not be granted; or if the money borrowed has been used for purposes other than those for which it was granted, the loan shall at once become due and demandable.

No loan shall be granted except for provident and/or productive purposes.

**SECTION 5. RESTRICTIONS ON OFFICERS, DIRECTORS, COMMITTEE MEMBERS** – No officer, director, or committee member shall vote on a loan requested by a member of his family, natural or by affinity, to the third degree, nor on a loan requested by a person who owes debt to him or to any member of his family; nor shall he become a co-maker, surety or endorser on any loan contracted with the DLSCC. The application for a loan of any member of the Credit Committee shall be subject to the approval of the Board. Any director, officer, or committee member who defaults in the payment of his loan without valid reason and sufficient cause or reason automatically forfeit his right to his office.

**SECTION 6. INTERESTS RATE ON LOANS** – A loan shall bear interest according to the guidelines set by the CDA.

**SECTION 7. FINES** – A member failing to make upon a loan when due, unless excused therefrom for cause by the Board, shall pay a fine at the rate of two per centum (2%) a month on amounts in default, provided that in no case shall each monthly fine be less than twenty centavos and such fine to be in addition to the interest due. If the default in payment continues for three months, such member may be suspended or his membership terminated at the discretion of the Board and his loans become due and payable on demand at the discretion of the Board.

**SECTION 8. APPEALS** – Appeals from the decision of the Credit Committee may be taken to the Board if there is abuse of discretion or any violation of an existing policy whose decision on the matter shall be final.

## **ARTICLE VI ALLOCATION AND DISTRIBUTION OF NET SURPLUS**

**SECTION 1** – At the end of the fiscal year, the Cooperative shall distribute net surplus as follows:

1. TEN PERCENT (10%) shall be set aside for reserve fund:
  - 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 the reserve fund already exceed the 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 share capital may be used at

anytime for any project that would expand the operations of the cooperative upon the resolution of the general assembly;

- c. Upon the dissolution of the cooperative, the reserve fund shall not be distributed among the members. The general assembly may resolve:
    - (1) To establish usufructuary fund for the benefit of any federation or union to which the cooperative is affiliated; and
    - (11) To donate, contribute, or otherwise dispose of the amount for the benefit of the community where the cooperative operates. If the members cannot decide upon the disposal of the reserve fund, the same shall go to the federation or union to which the cooperative is affiliated.
2. TEN PERCENT (10%) for the education and training fund.
    - a. Half of the amounts transferred to the education and training fund annually under this subsection shall 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.
    - a. Upon the dissolution of the cooperative, the unexpended balance of the education and training fund appertaining to the cooperative shall be credited to the cooperative education and training fund of the chosen union or federation.
  3. An amount for the community development fund, which shall not be less than three *per centum* (3%) of the net surplus. The community development fund shall be used for projects or activities that will benefit the community where the cooperative operates.
  4. An optional fund, a land and building, and any other necessary fund the total of which shall not exceed seven *per centum* (7%).
  5. The remaining net surplus shall be made available to the members in the form of interest on share capital not to exceed the normal rate of return on investments prescribed by CDA and patronage refunds: *Provided, That any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserve fund.*

The sum allocated for patronage refunds 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 proportionate amount of patronage refund shall be paid to him unless he agrees to credit the amount to his account as additional share capital contribution;

- b. In the case of a member patron with unpaid share capital contribution, his proportionate amount of patronage refund shall be credited to his account until his share capital contribution has been fully paid.

## **ARTICLE VII MISCELLANEOUS**

**SECTION 1. INVESTMENT OF CAPITAL** – The De La Salle Credit 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 state primarily for the use of the cooperative or its members; or
- d. In any other manner approved by the general assembly.

**SECTION 2. 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 3. 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 4. 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, Manager 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 5. ACCOUNTING SYSTEM** – Unless otherwise prescribed by the Cooperative Development Authority, the cooperative shall adapt the generally accepted accounting procedures and practices, taking into consideration the cooperative principles and practices.

**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 VIII  
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.