



BYE-LAWS of

ACCION MFB STAFF COOPERATIVE SOCIETY LTD

1. INTERPRETATION

- i. All words and expressions used in these Bye-laws and defined by Section 57 of the Nigerian Cooperative Societies Act Cap 90, Laws of the Federation of Nigeria, 1993 shall have the meaning assigned to them in the above named section. The following words or expressions shall have the meaning respectively assigned to them below.
 - a. "Financial Year" means the period of twelve months beginning on 1st January and ending the following 31st December.
 - b. "Laws" means the Nigerian Cooperative Societies Act, Cap 90 laws of the Federation of Nigeria 1993 and any amendments or re-enactments thereof.
 - c. "Federal Director" means the Director of Cooperative Societies of the Federation under the Nigerian Co-operative Societies Act Cap 90 of 1993 or his accredited representative.
 - d. "Director/Chief Registrar" means the Director of Cooperatives, Lagos State."
 - e. "Regulation" means regulations made under the Nigerian Cooperative Societies Act Cap 90 of 1993, as amended from time to time.
- ii. If there shall arise any doubt regarding the meaning or intention of any of these Byelaws, the matter shall be referred to the Chief Registrar for his ruling.
- iii. "Society" or "AccionCoop" means the Accion MFB Staff Co-operative Society Limited

2. NAME, ADDRESS AND AREA OF OPERATIONS

(a) Name

This Society shall be called: ACCION MFB STAFF CO-OPERATIVE SOCIETY LIMITED

(b) Registered Address

The registered address of the Society shall be c/o Accion Microfinance Bank Ltd, Head Office, 322A Ikorodu Road, Elizade Plaza, Anthony, Lagos.

(c) Area of Operations

The area of operation of the Society shall be within Nigeria.

III OBJECTS

3. The objects of the Society are to promote the economic interests of its members and especially:-
 - i. To encourage regular savings amongst members so that each member may cultivate the habit of making savings at least once in every one month, with a view to build up funds for his/her future use.
 - ii. To encourage fixed deposits from members out of which a fund may be established for giving short-term loans to members and non-members.

- iii. To stock consumers and producers goods for distribution to members and non-members.
- iv. To undertake, where practicable, the production or manufacture of such consumers- or/and producers goods for distribution to members and non-members.
- v. To acquire movable and immovable properties of any description either as assets of the Society or for distribution, supply or sale to members.
- vi. To engage in any other economic or social activity as may be approved by the general meeting of the members
- vii. To raise capital and do such other things as are necessary for the attainment of these objects.
- viii. To affiliate with such Secondary or Apex Co-operative Societies as may encourage and promote the above objectives.
- ix. To promote Cooperative spirit among the members, to work for the improvement of local educational and living standards and to encourage the development of Cooperative Nigeria as a whole

IV. MEMBERSHIP, QUALIFICATION, ADMISSION AND LIABILITY:

4. MEMBERSHIP:

4.1. The Society may have Ordinary and Associate members.

4.1.1.ORDINARY MEMBER

An ordinary member shall be;

A staff of Accion Microfinance Bank Ltd who is also a contributor to the fund of the Society; and

4.1.2.ASSOCIATE MEMBER

An associate member shall be;

Any outsourced staff to Accion Microfinance Bank whose application for membership has been approved and also a contributor to the fund of the Society. Also any retired/resigned staff of Accion MFB having acquired an asset in the Society estate and wishes to continue his/her membership.

4.2. OTHER QUALIFICATIONS

A member of the Society shall;

- i. Be a person of good character in the assessment of the Management Committee.
- ii. Above 18 years of age.
- iii. Be a person of sound mind.
- iv. Must not have been convicted by any Court of competent jurisdiction for a criminal offence involving violence, fraud or dishonesty.

4.3. ADMISSION

- a) Any interested and qualified person shall apply in writing or complete an application form or apply by electronic mail giving required details to the Society, and on admission, shall pay the admission fee of N2,000.00 (Two thousand naira only) or any

such amount as might be determined from time to time by the management committee, subscribe to the required minimum shares and begin to make savings contributions to the fund of the Society.

- b) Any exited member who wishes to rejoin shall apply in writing or complete an application form to the Society and on admission, shall pay the admission fee of N2,000.00 (Two thousand naira only) or any such amount as might be determined from time to time by the management committee, subscribe to the required minimum shares and begin to make savings contributions to the fund of the Society.

4.4 MEMBERSHIP RIGHTS

Members of the Society shall be entitled to enjoy all membership rights and fully participate in the activities of the Society, provided that: -

- i. An Associate Member shall not be entitled to seek any elective office of the Society.
- ii. An Associate Member may not be granted credit facilities by the Society in excess of the member's net savings with the Society and repayment period shall not be more than the contract end date.

5. Liabilities of Members

- a) The liabilities of members for debts incurred by the Society shall be determined by the liquidator appointed by the Director vide section 56 of the law
- b) A past member shall be liable for the debts of the Society as they existed on the date when he ceased to be a member
- c) The estate of a deceased member shall be liable for the debts due to the Society as they existed as at the date of his demise

6. Withdrawals / Termination of Membership

- i. Membership shall be terminated by:-
 - (a) Death
 - (b) Permanent Insanity
 - (c) Expulsion under this Bye-law.
 - (d) Consistent failure to make savings, to repay loans, or do any of the things required of a member in these Bye-laws.
 - (e) Exit from AMfB payroll.
 - (f) Failing to hold minimum share
 - (g) Withdrawal after one month notice conveyed in writing to the Secretary, provided that the member withdrawing is neither in debt to the Society nor surety for an unpaid debt.
- ii. A member shall not withdraw from membership until he/she has been a member for at least one full year except on exit reason.

ii. Expulsion

A member may be expelled for:

- (1) Failure to make thrift savings or subscribe to the minimum required shares of the Society in accordance with the provisions of these byelaws.

- (2) Conviction on a criminal offence involving dishonesty,
- (3) Misconduct or other acts contrary to the stated objects of the Society
- (4) Failure to exhaust in-house dispute resolution options before commencing any court process against the Society
- (5) On being adjudged bankrupt under the law.

7. Nominees

- 7.1. Every member of the Society shall nominate a person to whom in the event of the member's death; the Society shall pay a sum representing the deceased member's share or interest at the time of his death.
- 7.2. Every appointment of a nominee by any member shall be made in writing and signed by the member in the presence of two attesting witnesses or as contained in the membership registration form as next of kin.
- 7.3. Where desired by the member, the nomination may be confidential and may be kept in a sealed envelope.
- 7.4. Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian and witnessed shall be sufficient discharge to the Society.
- 7.5. Any nomination made by a member may be varied when the member desires.
- 7.6. Where more than one Nominee is appointed by any member, the number of shares to be transferred, or the exact proportion of the amount available that is to be transferred to each of these nominees, shall be specified at the time of his appointment. The total value of any share or interest transferred shall be represented by the sum actually paid for this share or interest by the deceased unless these Bye-Laws otherwise provide.

8. Right of Set-off:

Any money due on any account from this Society to a member, or a past member, shall be set off in payment of any sum which he owes or for which he stands Surety.

V. POWERS AND DUTIES OF GENERAL MEETING

9. Authority

The Ultimate Authority of the Society shall be vested in the General Meeting of members which every member has a right to attend and at which he has a right to vote on all questions.

10. Quorum

The presence of at least one quarter (1/4) of the members shall be necessary for the disposal of any business at a general meeting, provided that where the total number of members exceeds one hundred and twenty; **twenty-five (25)** members shall form the quorum.

9. First General Meeting

The first general meeting of members shall have the same powers as are given to the Annual General Meeting and shall be held immediately or not later than two months after the receipt of the Certificate of Registration of the Society.

10. Annual General Meeting

The Annual General Meeting of members shall be convened by the Management Committee as soon as the Annual audited Accounts have been approved by the Director of Cooperative Societies, Lagos State. At least twenty-one (21) days notice shall be given to members before the meeting.

11. Functions of Annual General Meeting

The functions of the Annual General Meeting shall be:

- (a) to consider the Management Committee's annual report including the annual budget and the annual accounts and balance sheet as approved by the Director of Cooperative Societies or auditor
- (b) to decide upon the disposal of the net surplus of the preceding year subject to the Director's approval
- (c) to elect officers and Management Committee members for the ensuing year
- (d) to appoint delegates out of the Management Committee who will represent the Society at the meetings of the Secondary or Apex Societies to which the Society is affiliated;
- (e) to deal with any other business of an ordinary general meeting;
- (f) to consider any communication received from the Director of Cooperative Societies.
- (g) to consider the Audit Report and the Director's audit comments on the Report, and ensure that whatever faults are indicated in the report are put right.

12. Duties of Ordinary General Meeting:

When necessary, a General Meeting may:

- i. Suspend or remove from office any Officer or member of the Committee in accordance with these Byelaws.
- ii. Amend or repeal any existing Bye-laws or enact new Bye-Laws
- iii. Decide on the expulsion of a member.
- iv. Fix the rate of interest to be charged upon loans to members
- v. Decide upon the manner of investment of the Society's funds.
- vi. Elect persons to fill any vacancies arising in the Management Committee.
- vii. Decide upon the social and economic projects to be pursued by the Management Committee.
- viii. Fix from time to time, the maximum liability it may incur in loans or deposits from members.
- ix. Consider and approve the Lending Policy submitted by the Management Committee.
- x. Deal with complaints by members.
- xi. Fix the limit of cash that shall be kept by the Cashier in the safe, for meeting the daily payments of the Society.
- xii. Dispose of any other business duly brought forward by the Committee.
- xiii. Consider Inspection Reports and any communications from the Registrar.
- xiv. Consider and approve the appointment and remuneration of the Independent External Auditors.
- xv. Appoint or constitute the Audit Committee of the Society from among the members of the Society.

13. Special General Meeting

A Special General Meeting may be convened at any time by the Management Committee or by the Director or Chief Registrar or at the written request of at least one-fifth of the members or twenty-five members which ever is less,

Provided that:-

- (b) such written request shall state the object of the proposed meeting
- (c) if the Committee fails to call the meeting within fourteen days from the receipt of such written request, the members requesting for the Special General Meeting may convene the meeting by notice which shall contain the object of the proposed meeting and statement to the effect that the meeting is convened on the failure of the Committee to convene the meeting demanded. Only the advertised object of such proposed meeting shall be transacted or discussed at such meeting; and
- (d) where the Director or Chief Registrar convenes a Special General Meeting, he may direct what matters shall be discussed at the meeting.

14. Attendance of Members

It shall be the duty of every member to attend General Meetings. The general meeting shall have power to impose fines on members who without good reason fail to attend.

17. Voting

- 17.1 All questions shall be decided by a majority of votes of the members present and voting. Each member shall have one vote only. At all meetings, the President shall have a casting vote in addition to his ordinary vote.
- 17.2 Voting for elections into the Management Committee may be carried out by any acceptable means as determined by the Electoral Committee set up for the purpose at the Annual General Meeting.

VI: THE MANAGEMENT COMMITTEE

18. Election of Management Committee members

- 18.1 Only the Annual General Meeting shall have the powers to elect members of the Management Committee.
- 18.2 The Management Committee shall consist of 7 members made of the following officers:
 - (a) The President;
 - (b) The Vice President;
 - (c) The General Secretary
 - (d) The Assistant General Secretary/Publicity Secretary
 - (e) The Financial Secretary
 - (f) The Treasurer
 - (g) The Ex-Officio member

18.3 The tenure of office for a Management Committee member shall be a period of two (2) years after which he retires and may be re-elected for a second term. No member of the Management Committee shall hold office for more than two consecutive terms, provided that a past member of the Management Committee may be eligible to contest after an interval of four years from the end of his last consecutive two terms in office.

18.4 No person other than bonafide Ordinary members of the Society with at least one year good membership record is eligible to be a member of the Management Committee

19. **REMOVAL OF MANAGEMENT COMMITTEE MEMBERS**

19.1 The Society may by Ordinary Resolution remove a Management Committee member before the expiration of his period of office.

19.2 Intention to remove a Management Committee member under this section, or to appoint some other person instead of a Management Committee member so removed shall be clearly indicated in the notice for the meeting. At the meeting at which he is removed, and on receipt of notice of an intended resolution to remove a Management Committee member under this section, the Management Committee member shall be entitled to be heard on the resolution at the meeting.

19.3 Where notice is given of an intended resolution to remove a Management Committee member under this section and the Management Committee member concerned makes with respect to it representations in writing to the Society (not exceeding a reasonable length) and requests their notification to members of the Society, the Society shall, unless the presentations are received too late for it to do so;

- (a) In any notice of the resolution given to members of the Society, state the fact of the representations having been made; and
- (b) send a copy of representations to every member of the Society to whom notice of the meeting is sent (whether before or after receipt of the representations by the Society); and if a copy of the representations is not sent as required in this section because it is received too late or because of the Society's default, the Management Committee member may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting,
- (c) Provided that copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application either of the Society or any other person who claims to be aggrieved, the Chief Registrar or the Director, of Cooperatives, Lagos State is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter.

19.4 A vacancy created by the removal of a Management Committee member under this section, if not filled at the meeting at which he is removed, may be filled as a casual vacancy.

20. **PROCEEDING OF THE MANAGEMENT COMMITTEE**

20.1 The Management Committee members may meet for the despatch of business adjourn and otherwise regulate their meetings as they think fit.

- 20.2 Any question arising at any meeting shall be decided by a majority of votes. Each member shall be entitled to one vote, and in case of an equality of votes, the President shall have a second casting vote.
- 20.3 A Management Committee member may, at any time summon a meeting of the Management Committee if the request is supported by a simple majority of members of the Management Committee.
- 20.4 The President shall be the Chairman at meetings of the Management Committee, and in his absence, the Vice President shall act as Chairman. In the absence of either the President or the Vice President, the Management Committee members present may choose one of their members to be Chairman of the meeting.
- 20.5 A Resolution in writing, signed by all the Management Committee members for the time being entitled to receive notice of a meeting of the Management Committee, shall be as valid and effectual as if it had been passed at a meeting of the Management Committee duly convened and held.
- 20.6 The quorum necessary for the transaction of the business of the Management Committee shall be 4.
- 20.7 Where the Management Committee is unable to act because a quorum cannot be formed, the general meeting may act in place of the Management Committee.

21. HONORARIUM AND OTHER PAYMENTS

- 22.1 The honorarium of the Management Committee members shall from time to time be determined by the Society in general meeting and such honorarium shall not be more than 5% of the net profit (before charging the honorarium, but after charging the interest paid on members' savings) of the Society from its business activities for any particular year. The amount will be shared equally by all members of the Management Committee.
- 22.2 The Management Committee members may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Management Committee or any Committee of the Management Committee or general meetings of the Society or in connection with the business of the Society.
- 22.3 The honoraria payment to Management Committee members shall be part of the appropriation from profit.
- 22.4 The Management Committee shall have the power to authorize reasonable honoraria for any member of the Society who carried out any special assignment on behalf of the Society. These honoraria would however be subject to ratification and/or amendment by the General Meeting.

23. DUTIES OF MANAGEMENT COMMITTEE MEMBERS

- 23.1 A Management Committee member of the Society stands in a fiduciary relationship towards the Society and shall observe the utmost good faith towards the Society in any transaction with it or on its behalf.

- 23.2 A Management Committee member shall act at all times in what he believes to be the best interests of the Society as a whole so as to preserve its assets, further its business, and promote the purposes for which it was formed and in such manner as a faithful, diligent, careful and ordinarily skilful Management Committee member would act in the circumstances.
- 23.3 The matters to which the Management Committee member of the Society is to have regard in the performance of his functions include the interests of the Society's employees in general, as well as the interests of its members.
- 23.4 A Management Committee member shall exercise his powers for the purpose for which it is specified and shall not do so for a collateral purpose, and the power, if exercised for the right purpose does not constitute a breach of duty, if it, incidentally, affects a member adversely.
- 23.5 A Management Committee member shall not fetter his discretion to vote in a particular way.
- 23.6 Where a Management Committee member delegates his powers under any provision of this bye-law, such a Management Committee member shall not delegate the power in such a way and manner as may amount to an abdication of duty.
- 23.7 No provision, whether contained in this bye-laws, or in any contract shall relieve any Management Committee member from the duty to act in accordance with this section or relieve him from any liability incurred as a result of any breach of the duties conferred upon him under this section.
- 23.8 Any duty imposed on a Management Committee member under this section shall be enforceable against the Management Committee member by the Society.

24. CONFLICTS OF DUTIES AND INTERESTS

- 24.1 The personal interest of a Management Committee member shall not conflict with any of his duties as a Management Committee member under these bye-laws.
- 24.2 A Management Committee member shall not in the course of management of the affairs of the Society or in the utilization of the Society's property make any secret profits or achieve other personal benefits to the detriment of the Society.
- 24.3 A Management Committee member shall be accountable to the Society for any secret profit made by him or any personal benefit derived by him contrary to the provisions of this section.
- 24.4 The duty not to misuse corporate information shall not cease by a Management Committee member or an Officer having resigned from the Society, and he shall still be accountable and can be restrained by an injunction from misusing the information received by virtue of his previous position.
- 24.5 Where a Management Committee member discloses his interests to the General Meeting before the transaction and before the secret profits are made, he may escape liability for any resulting profits, but he shall not escape liability if he discloses only after he has made the secret profits, and in this case, he shall account for the profits to the Society.

25. **DUTY OF CARE AND SKILL**

- 25.1 Every Management Committee member of the Society shall exercise the powers and discharge the duties of his office honestly, in good faith and in the best interests of the Society, and shall exercise that degree of care, diligence and skill which a reasonably prudent Management Committee member would exercise in comparable circumstances.
- 25.2 Failure to take reasonable care in accordance with the provisions of section 7.1 of these byelaws shall be ground for removal of such Management Committee member from office.
- 25.3 Each Management Committee member shall be individually responsible for the actions of the Management Committee in which he participated, and the absence from the Management Committee's deliberations, unless justified, shall not relieve a Management Committee member of such responsibility.

26. **LEGAL POSITION OF MANAGEMENT COMMITTEE MEMBERS**

Management Committee members are Trustees of the Society's money, property and their powers and as such must account for the money over which they exercise control and shall refund any money improperly paid away, and shall exercise their powers honestly in the interest of the Society and all the members, and not in their own or sectional interests.

TRUSTEES: The President, General Secretary and the Treasurer, shall be the Trustees of the Society. It shall be their duty to sign on behalf of the Society all cheques and legal documents including those concerned with the transfer of fund, acquisition and disposal of properties.

27. **PROPERTY TRANSACTION BY MANAGEMENT COMMITTEE MEMBERS**

- 27.1 The Society shall not enter into an arrangement:
- (a) Whereby a Management Committee member of the Society, or a person connected with such a Management Committee member, acquires or is to acquire one or more non-cash assets of the requisite value from the Society, or;
 - (b) Whereby the Society acquires or is to acquire one or more non-cash assets of the requisite value from such a Management Committee member or person so connected; unless the arrangement is first approved by a resolution of the Society and such connection expressly disclosed.
- 27.2 For the purpose of subsection (1) of this section, a non-cash assets is of the requisite value if, at the time the arrangement in question is entered into, its value is not less than N100,000 or 10 per cent of the Society's total assets value, whichever is less. The total assets value shall be based on accounts prepared and laid in respect of the preceding year of the Society's operations.

28. **LIABILITIES ARISING FROM CONTRAVENTION OF SECTION 27:**

- 28.1 An arrangement entered into by the Society in contravention of section 27 of this Bye-law and any transaction entered into in pursuance of the arrangement (whether by the Society or any

other person), shall be voidable at the instance of the Society unless one or more of the conditions specified in subsection (2) of this section is satisfied.

28.2 The conditions are that:

- (a) Restitution of any money or other asset which is the subject-matter of the arrangement or transaction is no longer possible or the Society has been indemnified in pursuance of the section by any other person for the loss or damage suffered by it, or
- (b) Any rights acquired bona fide for value and without actual notice of the contravention by any person who is a party to the arrangement of transaction would be affected by its avoidance; or
- (c) The arrangement is, within a reasonable period, affirmed by the Society in general meeting.

28.3 If an arrangement is entered into with the Society by a Management Committee member or a person connected with him in contravention of section 27 of these Bye-laws, that Management Committee member and the person so connected, and any other Management Committee member of the Society who authorizes the arrangement or any transaction entered into in pursuance of such an arrangement, shall be guilty of an offence and liable to:

28.3.1 Account to the Society for any gain which he has made directly or indirectly by the arrangement or transaction; and

28.3.2 Jointly and severally with any other person liable under this subsection, indemnify the Society for any loss or damage resulting from the arrangement or transaction.

28.3 If an arrangement is entered into by the Society involving a person connected with a Management Committee member of the Society in contravention of section 27 of this Bye-law, that Management Committee member shall not be liable of this section if he shows that he took all reasonable steps to secure the Society's interest.

28.4 This section shall have effect with respect to references in section 27 of this Bye-law to a person being "connected" with a Management Committee member of the Society, and to a Management Committee member being "associated with" or "controlling" a body corporate.

28.5 A person is connected with a Management Committee member of the Society if he (not being himself a Management Committee member) is:-

- (a) That Management Committee members spouse, child or step-child.
- (b) Except where the context otherwise requires, a body corporate with which the Management Committee member is associated; or
- (c) A person acting in his capacity as a trustee of any trust the beneficiaries of which include:
 - i. The Management Committee member, his spouse, any children or step-children; or

- ii. A body corporate with which he is associated, or of a trust whose terms confer a power on the trustees that may be exercised for the benefit of the Management Committee member, his spouse or any children or step-children of his, or any such body corporate; or
- (d) A person acting in his capacity as partner of that Management Committee member or of any person who, by virtue of paragraphs (a) (b) or (c) of this subsection, is connected with that Management Committee member.

29. REGULAR OPERATIONS OF THE SOCIETY

- 29.1 The regular operations of the Society and its day-to-day activities shall be carried out by the staff of the Society.
- 29.2 The Management Committee shall set guidelines for the running of the Society and shall monitor compliance with such guidelines by the staff on a regular basis.
- 29.3 The Management Committee shall be responsible for the employment, remuneration, and discipline of the staff of the Society, and shall ensure efficient manning levels for the Society at all times.
- 29.4 The staff of the Society may be organised into departments or sections for efficient handling of the activities of the Society, and may hold such meetings as are required to ensure efficient delivery of services to the members.

VII. CREATION OF FUNDS

- 30. Sources of funds: The funds of the Society shall compose of;
 - i. The Share Capital of the Society
 - ii. Entrance Fees as prescribed by the Management Committee from time to time and approved by members in general meeting.
 - iii. Savings and fixed Deposits.
 - iv. Interests receivable on Loans and Investments.
 - v. Proceeds from the sales of farm products.
 - vi. Surplus from the distribution of producers and consumers goods.
 - vii. Deposits and loans from members.
 - viii. Grants or donations.
 - ix. Rents.
 - x. Miscellaneous sources approved by the Management Committee, the General meeting and the Director or Chief Registrar.
 - xi. Surplus arising out of the business of the Society.
- 31. Ordinary Share Capital:
- 31.1 Share Capital in the Society shall be determined along the growth pattern of the society and shall be equal among members.
- 31.2 No member shall be entitled to withdraw his share capital unless his membership is terminated.

32. **WITHDRAWAL OF SHARES:**

Shares are not unconditionally withdraw able; but if at the end of the financial year the Society's financial situation is favourable, the Committee may repay to any member whose membership was terminated during the year a sum not exceeding the amount paid by him on account of shares, provided that not more than five per cent of the total paid share capital shall be thus paid out in any one year without the Director's or Chief Registrar's permission. Such a withdrawal shall be made by application in writing, and shall not be made earlier than two years from commencement of membership.

33. **PAYMENT OF SHARES:**

Shares shall be paid up in not more than 12 monthly instalments. Any member may pay up the full value in advance at any time. Members not paying their instalments by the due date may be penalised for every full month of arrears.

34. **LIMIT ON SHARE HOLDING**

No member shall hold more than one another, all member shall be equal in shares. Even when a new member joins newly, he shall make up to the share capital before absorption as a full member.

35. **ENTRANCE FEES:**

Every member on joining the Society shall pay an entrance fee as prescribed by the Management Committee and approved by members in General Meeting from time to time starting from after six month of commencement.

BORROWING/FACILITY

36. The Society may borrow from Banks and other Financial Institutions approved by the Federal Government of Nigeria or a Co-operative Central Financing Organization of which it is a member to the extent laid down in the Byelaws of such organization.

37. **LIMIT ON RENEWALS:**

The Society shall not renew any loan or deposit, which would make the society achieve her aim

38. **COMPULSORY SAVINGS:**

38.1 Every member shall make regular thrift savings, which shall be withdraw able only with the exit of member and permission of the Committee for necessary or productive purposes after the limit for maximum loan has been exceeded;

VIII. USE AND CUSTODY OF FUNDS

39. INTERNAL FUNDS:

The funds of the Society may be held in the form of:-

- i. A Reserve Fund.
- ii. An Insurance Fund.
- iii. Development, Educational or other Funds approved by the general meeting and the Director or Chief Registrar.
- iv. Current, Deposit or Saving bank Accounts or Cash
- v. Fixed and Current Assets

41. USE OF FUNDS:

The funds of the Society shall be applied only to the furtherance of its stated objects in accordance with these Byelaws.

42. INVESTMENT:

The Funds of the Society that is not required for current use may be invested in any manner permitted by Law and Regulations and approved by the Director or Chief Registrar.

43. OPERATION OF BANK ACCOUNT:

- 43.1 The Society's Bank Accounts shall be Trustee Accounts. Before money is withdrawn from the Bank, the cheques or withdrawal slip shall be signed by at least two of the Trustees.
- 43.2 For the purpose of complying with section 43.1 above, the Trustees of the Society shall consist of President, General secretary and Treasurer.

IX. LOANS

44. PURPOSE OF LOAN:

Loans may be granted to members only for purposes which in the opinion of the Management Committee are productive, or necessary and in the best interest of the borrower.

45. CONDITIONS GOVERNING LOANS:

- 45.1 No regular loan shall be granted to:-
 - (a) Any individual other than a member of the Society.
 - (b) Any member whose instalments of shares are in arrears.
 - (c) Any member who has not paid thrift savings under this Bye-Laws.

- 45.2. Regular loans are those loans that are tenured with definite repayment periods that could extend up to twenty-four (24) months.
- 45.3 On meeting specified conditions and to the satisfaction of the Committee, non-members (individuals and Corporate bodies) may be extended loan / credit facilities by the Society under such special terms and conditions as may be defined by the Management Committee, provided that the loans are repaid in full en bloc or within a short period not exceeding six.
46. **APPLICATIONS FOR LOANS:**
- Loan applications shall be made through the office of the Society and disposed of by the staff of the Society with the approval of the Management Committee.
48. **LOANS TO MEMBERS:**
- No regular loans shall be made to a member within six month of his admission by the Committee except in the case of transfer of an existing loan of a past member to his nominee or other successor in interest who is or becomes a member of the Society.
49. **NO LOAN SHALL BE GRANTED:**
- 49.1 For a period exceeding the time limit fixed by the General Meeting.
- 49.2 If it would bring a member's total indebtedness at the time of the loan to an amount exceeding his maximum credit level.
- 49.3 Unless approved by a majority of the members of the Management Committee who are present at the meeting at which the application is considered.
50. **MAXIMUM CREDIT LIMIT:**
- The maximum credit limit of each applicant for a regular loan shall be fixed from time to time based on the strength of the society. The General Meeting may, from time to time, review this ceiling having regard to the operations and finances of the Society.
51. **INTEREST ON LOAN TO MEMBERS:**
- Interest on loan to members shall be charged at a rate to be fixed by the Committee annually and approved by the General Meeting. In case of default in repayment penal interest shall be charged at twice the nominal rate.
52. **SUPPLY OF CONSUMER GOODS:**
- 52.1 The Society shall purchase for supply to members and non-members such equipment or items as are necessary for the improvement of their living conditions. Where the member or non-member is not in a position to pay cash for these requirements, the value of the supplies may be treated as a loan in accordance with this Byelaw, with applicable interest rate.

52.2 The Society shall also stock for sale to members and non-members domestic and personal requirements, including foodstuff. No such foods may be supplied on credit if the member has reached the ceiling or the maximum number of credits he is entitled to from the Society.

53. **BONDS AND SURETIES:**

Every borrower shall execute a bond and shall furnish Sureties. No extension of the period of repayment shall be granted without the written consent of the Sureties. Sureties must be members of the Society.

54. **DUTIES OF SURETY:**

A Surety must be a reputable member of the Society and by signing as Surety, he is personally guaranteeing;

- i. Repayment of the loan if the borrower defaults;
- ii. The correctness of the particulars on which the value of the borrower's securities is based, especially in case of non-members;
- iii. That the loan is to be used for the purpose stated by the borrower on the application.

The Surety should report misuse of the loan to the Committee immediately.

55. **RECALL OF LOANS:**

All loans shall be issued subject to the right of the Society to call the loan for immediate repayment:

- i. If any misapplication is proved;
- ii. If the borrower gives an indication of resignation.

56. **APPROPRIATION OF DEBIT PAYMENT:**

When a member from whom money is due pays any sum to the Society, it shall be appropriated in the following orders:

- 56.1 To share payments, penalty and other miscellaneous charges due by him.
- 56.2 To pay interest on loan, and
- 56.3 To loan principal repayment.
- 56.4 Compulsory saving and shares.

X. DISPOSAL OF SURPLUS

57. **APPROPRIATION:**

At the close of each financial year, the excess of the Society's income over expenses including the interest payable on deposits and loans from non-members and audit and Supervision Fee due, shall be appropriated to the following funds:

1. Reserve Fund
2. Other funds approved by the Society

3. The balance shall be utilized for one or more of the following purposes:-
 - (a) Payment of honorarium to the Management Committee and that approved by the Management Committee for other members that served the Society during the year.
 - (b) Donations, not exceeding 10% of the net surplus to any Charitable or Social purpose.
 - (c) Building up a General Reserve.
 - (d) Payment of a dividend on shares subject to the provision of this Bye-Law.

58. **DIVIDEND:**

The dividend paid shall be determined by the Management Committee and no dividend shall be paid if any overdue claim to a depositor or lender remains unsatisfied. The rate of the dividend payment shall be based on savings, loan interest paid and shares.

XI. AUDIT AND SUPERVISION FEES

60. **AUDIT AND SUPERVISION FEES:**

- 60.1 Audit and Supervision Fees at the rate assessed by the Director or Chief Registrar and published in the Lagos State of Nigeria Gazette shall be made annually to the Lagos State Government.
- 60.2 Where the Society so approves, an independent Auditor (who must be a firm of Chartered Accountants with current Practice Licence from the Institute of Chartered Accountants of Nigeria (ICAN)) may be appointed to receive, review and audit the accounts of the Society. Any such firm to be appointed MUST have a functional office in Lagos state.
- 60.3 The Independent Auditor shall be appointed by the Audit Committee of the Society, based on the Director or Chief Registrar's recommended list of Auditors, if any. The Director or Chief Registrar's recommended list shall however only be a guide for the Audit Committee of the Society in making final appointment. The Committee could go outside the list to appoint any firm of Chartered Accountants that meets the qualification.
- 60.4 The appointment of the Independent External Auditors by the Audit Committee shall be subject to ratification by the General Meeting of the Society or the AGM. Any appointment not so ratified shall remain void and of no effect.
- 60.5 The fees of the Independent Auditors shall be recommended by the Audit Committee, approved by the Management Committee and ratified by the General Meeting or AGM.
- 60.6 The Independent Auditors report shall be presented to the General Meeting at the Annual General Meeting by a representative of the Audit firm.
- 60.7 The Management Report (if any) arising from the Independent Auditor's audit work shall be for the action of the Management Committee of the Society, with the Audit Committee to monitor the compliance / implementation.

XII. BOOKS OF ACCOUNTS

61. PRESCRIBED BOOKS OF INSPECTION:

Accounts and Records (either in manual or electronic form) shall be maintained in the forms prescribed by the Director or Chief Registrar and shall include the following:

1. A Membership and Attendance Register, showing the name, address and occupation of every member, the number of shares held by him, the date of his admission to membership, the Nominee appointed under this Byelaw, and the member's attendance at general meeting.
2. A cashbook showing the receipts, expenditure, and balance on each day on which business is done;
3. A General Ledger;
4. Personal Ledger with accounts for each member, depositor, and creditor;
5. Loan register showing instalments for repayment of loans;
6. Minute book for proceedings of General and Management Committee Meetings;
7. Register of Share payments;
8. Loan bond book showing particulars of and containing bonds for all loans issued;
9. Such other records as may be prescribed by the Director or Chief Registrar.

62. INSPECTION OF BOOKS:

The books, accounts, register and papers of the Society shall be open at all reasonable times for the inspection of members and of any accredited Co-operative Official provided that no person other than an Officer or Committee member of the Society or a Co-operative Official shall be allowed to see the personal account of any member without that member's consent. Copies of the Law, the Regulations and of these Byelaws shall be available for inspection at the registered address of the Society at all reasonable hours.

63. ANNUAL STATEMENT:

Each member shall be issued an Annual Statement showing particulars of his personal account with the Society.

64. DUTY ON FINANCIAL TRANSACTION:

It is the duty of every member to:

- i. Insist on obtaining their passbook update at least every quarter as evidence of payment and necessary deductions
- ii. Sign in the proper books, in token of receipt whenever any sum of money is paid or repaid to him by the Society.

XIII. DISSOLUTION AND DIVISION OF THE SOCIETY

66. LIQUIDATION:

The Society shall not be liquidated except in accordance provision of this Byelaw, and any other Laws in Lagos State applicable at that point in time.

67. DISPOSAL OF FUNDS:

On the dissolution of the Society, the Reserve and other funds of the Society shall be applied in the order stated below:

- a. To discharging the liabilities of the Society, and
- b. To the repayment of the paid-up share capital of members;
- c. Share among the members in the other of their financial contribution to the society.

XIV. MISCELLANEOUS PROVISIONS

68. AFFILIATION TO CREDIT UNION:

Unless there are reasons to the contrary accepted by the Director or Chief Registrar, the Society may affiliate itself to any Credit Union formed in its area of operations.

69. DISPUTES:

Any dispute arising in or concerning the Society and its members or past members which cannot be amicably resolved by the Management Committee shall be referred to the Director or Chief Registrar for settlement by arbitration under the provision of section 51 of the Co-operative Societies Laws of Lagos State.

71. SURCHARGE:

The General Meeting of the Society may impose surcharges on members, not exceeding Five Thousand Naira (N5,000.00) in any one case, for flagrant or repeated contravention of the Byelaws.

72. AMENDMENT OF BYE-LAWS

Any amendment of or addition to these Byelaws shall be made by the General Meeting of the Society in accordance with the regulations and shall not be valid until registered by the Director or Chief Registrar.

73. APPROVAL:

This Bye-law was reviewed and approved by the General Meeting of the Accion MFB Cooperative Society on ----- day of ----- 2016