

***BYE-LAWS OF NIFESAF ESUT  
MULTIPURPOSE COOPERATIVE  
SOCIETY LIMITED  
(NEMCOS LIMITED)***

# **BYE-LAWS OF NIFESAF ESUT ENUGU MULTIPURPOSE COOPERATIVE SOCIETY LIMITED**

## **1. INTERPRETATIONS**

All words and expression used in these bye-laws have the meaning respectively assigned to them under the cooperative Society Law, of 1993. In particular, the following words or expression shall have the meaning respectively assigned to them below:

1.1. "Financial Year" means the period of twelve months beginning on 1<sup>st</sup> January and ending on 31<sup>st</sup>

December, the same year.

1.2. "The Law" means the Cooperative Societies Law of Nigeria 1993

1.3. "Bye-Laws" means the registered bye-laws made by a society in exercise of any power conferred by this law and it includes a registered amendment of the bye-laws.

1.4. "Officer" includes a President, Vice President, Secretary, Assistant Secretary, Treasurer, Financial Secretary, Members of Management Committee or other persons empowered under the regulations or bye-laws to give directions with regards to the business of a registered society.

1.5. "Persons" include any company or association or body of persons cooperate or incorporate.

1.6. "Regulations" means regulations made under this Law as amended from time to time

1.7. "The Director" means the Director of Cooperative Services of Nigeria.

1.8. "Management Committee" means the governing body of a registered society to whom the general management of its affairs is entrusted.

1.9. "Functional Committee" means an elected body of persons within the society to whom specific duties are delegated by the society.

1.10 *"The Electoral Committee"* means the body that will be solely responsible for the conduct of elections into the Management Committee of the society.

1.11 *"Member"* includes a person or registered society admitted to membership of the Society in accordance with the bye-laws and regulations

1.12 *"Bonus/Dividend"* means a share of the profit(s)/surplus of the society divided among its members in proportion to the volume of business done with the society by them from which the appropriated surplus of the society was derived.

II. If there shall arise any doubt regarding the meaning or intention of these bye-laws, the matter shall be referred to the Director for his ruling.

## **2. NAME, ADDRESS AND AREA OF OPERATION.**

2.1. This Society shall be called NIFESAF ESUT MULTIPURPOSE COOPERATIVE SOCIETY LIMITED

2.2. Its address shall be; No 3 Bethel Garden Avenue, off Obiagu Road, Otukwu Emene, Enugu State.

2.3. The areas of operation of the Society shall be within Nigeria.

## **3. OBJECTIVES OF THE SOCIETY**

The objects of the society are to promote the economic interests of its members and create jobs for more brethren and especially:

- 3.1. To provide credit facilities to its members at fair and reasonable rates of interest to economically empower them for provident and productive purposes.
- 3.2. To encourage regular savings amongst members so that each member may cultivate the habit of making savings at least once monthly, with a view to building up funds for their individual future use;
- 3.3. To stock consumer and producer goods for distribution to members and non-members but with priority to members, at fair and reasonable prices.
- 3.4. To operate warehouses and cold room facilities for the storage of these consumer and producer goods and let out these facilities to interested parties;
- 3.5. To acquire acres of land for sale or Estate development to meet the housing needs of members or for industrial purposes as a form of investment for the economic benefit of members;
- 3.6. To undertake or invest in Real Estate and Housing developments for the acquisition of its members and other interested parties.
- 3.7. To undertake and invest in new ventures beneficial to its members and the Society as approved by the Management Committee. These include Projects Financing; Feasibility Studies and etc.

- 3.8. To undertake service businesses that will cater for the primary needs of members and other patrons; like schools, farms, petrol station, ware-housing, Consultancy, and etc., managed in the overall interest of members and the Society.
- 3.9. To undertake such financial management schemes like Special Withdrawable Deposit and Community Banking Schemes at cooperative and competitive rates for members and other interested parties.
- 3.10. To encourage term deposits from members out of which a fund may be established for giving short-term loans to members, to acquire stock of shares and other rewarding ventures;
- 3.11. To raise capital through share holdings by members in the society to undertake such other activities as are necessary for the attainment of these objects;
- 3.12. To engage in any other economic or social activity as may be approved by the Management Committee for the members.
- 3.13. To manage financial portfolios carefully by investing in stocks but in the general interest of members. In this way, the society shall become part owners of multinationals, banks etc.
- 3.14. To seek loans for industrial/housing development from banks, the cooperative circle and other financial institutions;
- 3.15. To secure wholesale mortgage, either for on-lending to members or for housing development and to let or sell such dwellings on mortgage basis;
- 3.16. To do any other business within the law and enter into any transaction which in the Society's opinion is necessary to ensure the proper performance of its functions or the attainment of the above listed objects
- 3.17. To take measures that would promote among the members, the spirit of thrift, mutual-help and self-help based on cooperative principles.

#### **4. MEMBERS AND LIABILITY.**

4.1. MEMBERSHIP: The membership of the Society shall be open to:

- Any member of Nigeria Fellowship of Evangelical Students Alumni Fellowship, Enugu State University of Technology Enugu (NIFESAF ESUT Enugu) who apply and is admitted in accordance with these Bye-laws.

- Persons who join in the application for registration
- Persons who on application pay the appropriate registration fee as may be determined from time to time by the Cooperative Management.

4.2. QUALIFICATION: Every member of the Society must be:

- Of good character.
- Of not less than 18 years of age except in the case of an heir of a deceased member, and where the Director grants exemption from this qualification.
- A member of NIFESAF ESUT Enugu.
- Any other category of person(s) approved by the general body of members as qualified to be members of the society.

### **4.3 ADMISSION:**

- (a) Application for membership shall be made by obtaining a Membership/ Entrance Form, which on completion shall be submitted to the Secretariat office of the society.
- b) All applications for membership shall be approved by the General Secretary on behalf of the Management Committee. Every member on admission should have signed the bye-laws and consented to the regulations of the Society.
- e) Every application for membership shall be accompanied with a non-refundable processing fee, which shall be determined from time to time by the management committee and specify among other things, the minimum monthly savings to be made by the applicant, which shall also be determined by the Management Committee from time to time.

### **4.4. LIABILITY OF MEMBERS AND PAST MEMBERS:**

4.4.1 The liability of members for debts incurred by the Society shall be determined by the appointed Liquidator by the Director under section 56 of the law.

4.4.2. 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 for a period of two years from the date on which he ceased to be a member, and

4.4.3. The estates of a deceased member shall be liable for the debts due by the society as they existed as at the date of his deceased for a period of two years after his death.

### **4.5 NOMINEES:**

Every member shall in writing nominate one person to whom his shares or interest shall be transferred to in the event of such member dying or becoming permanently insane. The member

may, at any point in time, change his nominee. The name and address of the nominee shall be entered in the Register of members and the member shall sign any alteration. If not admitted to membership the nominee shall, in case of death, incapacitation or permanent insanity of the member, be paid the value of the share or interest, less any sum due to the society.

#### **4.6 TERMINATION OF MEMBERSHIP:**

Membership shall be terminated by:

- Death;
- Permanent insanity;
- Ceasing to reside in the areas of operations as defined in Bye-Laws 4.2
- Ceasing to hold one full share;
- withdrawal after 3 months' notice conveyed in writing to the Management Committee provided that the withdrawing member is neither in debt to Society nor for an unpaid debt; and
- Expulsion under Bye-Laws 4.7

#### **4.7 EXPULSION:**

A member may be expelled for; -

- Repeated failure to make thrift savings as laid down in Bye-Law 7.10;
- Repeated failure to make the share installments or debts due from him to the Society;
- Conviction on a criminal offence involving dishonesty; and
- Misconduct or other acts contrary to the stated objectives of the Society or the interest of the Co-operative Movement.

#### **4.8 DUES TO MEMBERS:**

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

#### **4.9 MEMBERSHIP REGISTER:**

Every member, on admission and on payment of the appropriate entrance fees shall sign (either by ink or digitally) or thumbprint the membership and attendance register as an evidence of membership. By this he acquires the right of full participation in the affairs of the society and assumes all obligations relating thereto.

## **5. CONSTITUTION AND DUTIES OF GENERAL MEETING**

### **5.1 POWERS OF THE GENERAL MEETING:**

The ultimate authority under the law in all the affairs of this Society shall be the General body of members who shall from time to time meet to review and direct the work of the Society.

### **5.2 QUORUM:**

The presence of at least one-tenth of the members shall be necessary for the disposal of any business at the general meeting. Attendance could be in person or by teleconference. If no quorum is formed at a meeting, an adjournment may be made for a period not less than 7 days or more than 15 days.

Thereafter, the number of members present at any such adjournment shall form a quorum provided it is not below 30 for AGM and 20 for Special General Meetings.

### **5.3. THE ANNUAL GENERAL MEETING:**

The Annual General Meeting (AGM) shall be held within the first and fourth quarters of the succeeding year after the Annual Statement of Accounts have been prepared. Where possible, the AGM should be held within the time of the Convention of NIFESAF ESUT.

#### **5.3.1 DUTIES OF ANNUAL GENERAL MEETING:**

These shall include:-

- Receiving a report on the preceding year's working of the Society with the Statement of Accounts from the Management Committee:
- Dealing with any communication received from the Director:
- Election of the Management Committee for the ensuing year:
- Other matters as presented by the Management Committee.

### **5.4 THE DUTIES OF THE SPECIAL GENERAL MEETING:**

When necessary a Special General Meeting shall:

- Suspend or remove from office, any officer or Member of the Management Committee in accordance with these Bye-laws.
- Confirm the admission or expulsion of members.
- Amend or repeal any existing Bye-laws or enact a new Bye-law in accordance with Bye-law 14.5; and
- Dispose of any business duly brought before it.



## **5.6 MEETINGS:**

- a) The notice required for all types of General Meetings from commencement of these Bye-Laws shall be twenty-one days from the date on which the Notice was sent out.
- b) A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of votes cast by such members of the Society as being entitled to do so, at a General Meeting of which seven (7) days' Notice, specifying the intention of passing the resolution as an Ordinary Resolution has been duly given.
- c) A resolution shall be a Special Resolution when it has been passed by not less than three-fourth of the votes cast by such members of the Society as being entitled to do so, who shall vote in person (or electronically or by proxy) at a General Meeting of which 21 days' Notice, specifying Resolution has been duly given.
- d) All resolutions for the purposes listed below shall be by special resolution
  - I. Removing a Management Committee Member;
  - II. Expulsion of members or past officers for official actions.
  - III. Amending the provision of Bye-law; Or
  - IV. Other major issues as the Management Committee shall from time to time.

## **5.7 EXTRA-ORDINARY GENERAL MEETING:**

- a) a) An extraordinary General Meeting may be called at any time by a majority of the Management Committee or on a request from the Director or from not less than one-fifth of the members of the Society. A Special General Meeting may be called by at least 20 members.
- b) Only the advertised objectives of such proposed meeting shall be transacted or discussed at such meeting.
- c) Where the Director convenes such meeting, he may direct what matters shall be discussed at the meeting and may not need to give 21 days' notice as in bye-laws 5.6(a) above.

## **5.8 VOTING:**

Voting at general meeting shall be by show of hand, unless a secret ballot on any special or sensitive matter is demanded by, at least one fifth of members present. All questions shall be decided by majority of votes of the members present, and voting. Each member shall have one vote only. At all meetings, the Chairman shall have a casting vote, if votes are equal or he may call for a second voting.

## **6. THE MANAGEMENT COMMITTEE:**

### **6.1 COMPOSITION AND POWERS OF THE MANAGEMENT COMMITTEE:**

- 6.1.1 Subject to the Laws, the Regulations and these Bye-laws, the day-to-day administration of this Society shall be vested in the Management Committee. It also shall have power to create sub-committees/functional committee to which it may delegate parts of its functions provided that a member of the Committee shall head such functional committees.
- 6.1.2 It shall consist of active members over the age of 18 years and shall be elected by members at the General Meeting or the Annual General Meeting.
- 6.1.3 The management Committee shall consist of at least seven members including the President, Secretary, Treasurer, one or more Vice Presidents, Financial Secretary, assistant Secretary and Ex-officio members to represent the various interest areas of the Society.
- 6.1.4 The Management Committee shall have powers to lay down administrative rules and procedure for the smooth running of the society provided such rules and procedures do not violate or contravene the spirit and letters of the Law, Regulations and these Bye-laws.
- 6.1.5 It shall have power to appoint new Management Committee member to fill any casual vacancy arising out of death, resignation, retirement or removal of a member of the Committee.
- 6.1.6 Where the Committee fills a casual vacancy, the person may be approved by General Meeting or at the next Annual General Meeting and if not so approved, he shall forthwith cease to be a Management Committee member.
- 6.1.7 The Annual General Meeting shall have the power to increase or reduce the number of Management Committee members generally, provided that such reduction shall not bring the number below five.
- 6.1.8 The tenure of office for a Management Committee member shall be a period of two years and shall resign at the AGM of the second year in office but shall be eligible for re-election, for the same position, provided that no Management Committee member shall occupy a particular position for more than two consecutive terms.
- 6.1.9 No person other than bonafide member of the Society, as defined by Bye-laws 4.1, 4.2 and 4.3, are eligible to be, or nominate members to, the Management Committee.

## **6.2 REMOVAL OF MANAGEMENT COMMITTEE MEMBERS:**

- 6.2.1 The society may by Special Resolution passed at the Annual General Meeting remove Management Committee member(s) before the expiration of their tenure of office.
- 6.2.2 Where notice is given of an intended resolution to remove a member of the Management Committee under this section and such member makes written representations to the Society requesting notification of the said intended resolution of removal members of the society, the society shall, unless the representations are received by it less than seven days to the meeting, send a copy of the representations to every member of the society to whom Notice of the Meeting is ordinarily given.
- 6.2.3 Where such representations are unable to be sent out as required in this Section as a result of its

being received too late or due to the society's default, the aggrieved Management Committee Member may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting.

The foregoing provisions need not be complied with if it is found and proved that the rights conferred by the section are being or about to be abused.

Upon proof of such abuse, application shall be made to the Director for endorsement of such non-compliance with the above provisions by the Society.

6.2.4. A vacancy created by the removal of a member of the Management Committee under this section shall be filled at the meeting at which he is removed or subsequently as a casual vacancy.

### **6.3. PROCEEDING OF THE MANAGEMENT COMMITTEE:**

6.3.1. The Management Committee Members may meet for the dispatch of business and generally regulate their meetings as they think fit.

6.3.2. Any question arising at any meeting shall be decided by a majority of votes, the Chairman shall have a second or casting vote.

6.3.3. A member of the Management Committee may, at any time summon a meeting of the Committee so long as such request is supported by a simple majority of members of the Committee.

6.3.4. A resolution in writing, signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Management Committee duly convened and held.

6.3.5. Each member of the Committee shall be entitled to a vote at the Management Committee Meetings.

6.3.6. The quorum necessary for the transaction of the business of the Management Committee shall be four (4). The Committee members present at a particular meeting if there is a quorum may elect a Chairman for the meeting in the absence of the Chairman of the Society.

6.3.7. Where the Management Committee is unable to act because quorum cannot be formed, the General Meeting may act in place of the Committee.

### **6.4. HONORARIUM AND OTHER PAYMENTS:**

6.4.1 The honorarium of the Management Committee members shall from time to time be determined by the Society at its general meeting and such honorarium shall, for the time being, not be more than 0.25% of the net surplus (before charging the honorarium) of the society for any particular year. The net surplus is the cash surplus as provided in the Audited finances of the Society excluding physical assets like properties. The amount will be shared by all the Management Committee members in proportions proposed by them and approved by the General Meeting.

6.4.2 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 Functional Committee of the Management or the general meeting of the society or in connection with the business of the Society.

- 6.4.3. The Management Committee shall have the power to authorize reasonable honorarium 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.

## **6.5. DUTIES OF MANAGEMENT COMMITTEE MEMBERS:**

- 6.5.1 The members of the Management Committee of the Society stand as fiduciary or Trustees of the Society and shall observe the utmost good faith towards the Society in any transaction with it or on its behalf.

- 6.5.2. The Management Committee member shall at all time act in the best interest of the Society so as to preserve its assets, further to its business, and promote the purpose for which it was formed and in such manner as a reasonable and ordinarily skillful Committee member would act in the circumstances.

- 6.5.2.1 Members of Management Committee shall elect members of Functional Committee for the Business of the society. These committees include:

- Functional Committee on Credit Administration, under the leadership of the Treasurer.
- Functional Committee on Sales and Marketing of the Products of the Society. under the Leadership of the Vice-President.
- Functional Committee on Finance and Investment under the Leadership of the Financial Secretary.
- Functional Committee on Personnel and Administration under the leadership of the Secretary.

- 6.5.3. A Management Committee member shall exercise his power as specified in these bye-laws and such exercise shall not constitute a breach of duty, if it affects a member of the Society adversely.

- 6.5.4 A Management Committee member shall not delegate the powers vested upon him under any provisions of these by-laws in such a way and manner as to constitute an abdication of duty.

- 6.5.5 No provision, whether contained in these 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 under this section.

- 6.5.6 Members of the Management Committee shall conduct the affairs of the society in line with Law, Regulations and these Bye-laws.

- 6.5.7 The Management Committee shall have the responsibility of ensuring the maintenance of true and accurate accounts of all monies received and expended and all the assets and liability of the Society.

- 6.5.8 The Committee shall lay before the Annual General Meeting an Income and Expenditure Account

and the Audited Balance Sheet.

- 6.5.9 The Committee shall examine the accounts, sanction the contingent expenditure and ensure the maintenance of the prescribed registers.
- 6.5.10 The Management Committee shall consider the Inspection Report of the Government Co-operative staff and take corrective actions.
- 6.5.11 The Management committee shall summon General Meetings.
- 6.5.12 The Committee shall assist in the inspection of the books by any person authorized to do so.
- 6.5.13 The Management Committee shall be in sole charge of legal proceedings by or against the Society or Committee or its officers or employees in matters concerning the affairs of the Society.
- 6.5.14 Engagement of Paid Officers: - The Management Committee may engage the services of paid Officers to assist it carry out its duties.
- 6.5.15 Where paid officers are engaged, the Management Committee shall determine the salary and condition of service of such officer(s).

## **6.6 CONFLICTS OF DUTIES AND INTEREST:**

- 6.6.1 A management Committee member shall not allow his personal interests conflict with his duties as a Committee Member under these bye-laws.
- 6.6.2 A management Committee Member shall not, either in the course of the management of the affairs of the society or in the utilization of the society's property, make any secret profit or other unexplained benefits.
- 6.6.3 A Management Committee member shall be accountable to the Society for any secret profit made by him or any unnecessary benefit derived by him contrary to the provisions of Subsection 6.6.2 above.
- 6.6.4 Any management Committee member or an Officer having resigned from the Society shall be accountable and be lawfully restrained from misusing corporate information about the society, which he was privy to by virtue of his prior position.
- 6.6.5 Where, prior to the transaction a Management Committee member discloses his interest to the General Meeting before the transaction and before the profits is made, he may escape liability; but he shall not escape liability if he discloses only after the profits are made. In this case, he shall account for the profits.

## **6.8 LEGAL POSITION OF MANAGEMENT COMMITTEE MEMBERS:**

Management Committee members are jointly and severally responsible for the Society's moneys and properties in their care and as such must account for the moneys over which they exercise

control and shall refund any moneys 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 interest.

Trustees: The President, 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 funds, acquisition and disposal of properties provided that any two of the signatories could be considered.

## **6.9 DUTIES OF OFFICERS OF THE SOCIETY:**

Unless otherwise stated or directed by the General Meeting, the following officers of the Society shall have the following duties assigned to their offices:

- 6.9.1 President: The president shall preside at all General and Management Committee meetings of the society and shall have power to convene such meetings.
- 6.9.2 Vice-president: In the absence of the President, the Vice-president(s) shall be the Chairman of the meeting and at such meeting; he shall have all powers of the President. He shall also undertake any other duties as assigned by the President.
- 6.9.3 Treasurer: the Treasurer shall take charge of all monies received by the society and shall make disbursements in accordance with the directives of the Management Committee. He shall sign the cash-book monthly in token of its correctness. He shall produce the cash-balance whenever called upon to do so by the Management Committee, or the Director or the Inspector or Auditor. He shall deposit all funds over and above the limit fixed by the Management Committee as cash-in-hand into any Bank approved for this purpose by the general meeting. The Treasurer or his nominee(s) shall sign all members' passbooks. He shall prepare and submit to the management committee, the Annual Statement of Accounts of the society and certified copies of entries in the statutory books in accordance with the provision of section 18 of the Regulations.
- 6.9.4 Secretary: The society shall elect a secretary who can read and write to take charge of the secretariat and secretarial activities of the Society. The Secretary shall keep and maintain correctly and up-to-date the prescribed books and register. He shall procure from borrowers the due execution of bonds with security. The Secretary shall prepare all receipts, vouchers and documents required by the regulations or bye-law or call for the management committee meetings. He shall sign on behalf of the society and conduct all its correspondence. He shall summon and attend all meetings, record the proceedings of such meeting and have them duly signed. He shall prepare and submit to the management committee the Secretary's report.
- 6.9.5 Assistant Secretary: The society shall elect an Assistant Secretary who can read and write to assist the secretary in discharging his responsibility as and when required and shall act for the Secretary in his absence.
- 6.9.6 Financial Secretary: The society shall elect a Financial Secretary to keep the records of all the financial transactions of the society and reconcile his records periodically with the Treasurer to ensure that both records agree.

## **6.10. BONDING OF OFFICERS AND EMPLOYEES**

Every officer or employees of the society who receives or pays out money on behalf of the society shall before assuming his duties furnish a bond with sureties and in an amount to be determined by the Management Committee. In addition, the society may also take an Insurance policy for its paid employees who handle cash or stock on behalf of the society.

#### **6.11 REMOVAL OF MEMBER OF THE MANAGEMENT COMMITTEE:**

A member of the Management Committee shall cease to hold office if he:

- 6.11.1 Ceases to be a member of the society;
- 6.11.2 Becomes of unsound mind;
- 6.11.3 Becomes a paid-servant of the society;
- 6.11.4 Is convicted on major criminal offence, and
- 6.11.5 Acts in a manner prejudicial to the interest of the society and he is removed by a Special Resolution. The society may fill any vacancy arising from death, resignation and any incapacity or any removal.

#### **6.12. PROPERTY TRANSACTION BY MANAGEMENT COMMITTEE MEMBERS:**

- 6.12.1 The Society shall not enter into an arrangement:
  - i) Whereby a committee member of the society, or a person connected with such member, acquires or is to acquire one or more non-cash assets of the requisite value from the Society.
  - Or
  - ii) Whereby the society acquires or is to acquire one or more non-cash assets of the requisite value from such a member or person so connected; unless the arrangement is first approved by a resolution of the Society and such connection expressly disclosed.
- 6.12.2 For the purpose of sub-section (1) of this section, a non-cash asset is of the requisite value if at the time the arrangement in question is entered into, its value is not less than 0.5% of the Society's total assets value. The total assets value shall be based on the accounts Prepared and laid in respect of the last preceding year of the society's operations.

## **6.13 LIABILITY ARISING FROM CONTRAVENTION OF SUBSECTION**

- 6.13.1 An arrangement entered into by the Society in contravention of Section 6.12 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 6.13.2 hereunder are satisfied.
- 6.13.2 The conditions shall include the following: -
- a) Where restitution of any of the moneys or other assets which are the subject-matter of the arrangement or transaction is no longer possible or where the Society has been indemnified in pursuance of this section by any other person for the loss or damage suffered by it: or
  - b) Any rights acquired bonafide for value and without actual notice of the contravened by any person who is a party to the arrangement or transaction would be affected by its avoidance;  
Or
  - c) The arrangement is, within a reasonable period, affirmed by the society in a General Meeting.
- 6.13.3 Where a member of the Management Committee or any person connected with him enters into an arrangement with the Society in contravention of an arrangement with the Section 6.12 of these bye-laws, that Management Committee member and the person so connected, and any other Management Committee member who authorizes the arrangement or any transaction entered into in pursuance of such an arrangement, shall be guilty of an offence and liable: -
- (a) To account to the Society for any gain which he has made directly or indirectly by the arrangement or transaction: and
  - b) Jointly and severally with any other person liable under this subsection, to indemnify the society for any loss or damage resulting from the arrangement or transaction.
- 6.13.4 Subsection 6.13.3 shall be without prejudice to any liability imposed otherwise than by that subsection, and is subject to the following two subsections; and the liability under Subsection 6.13.3 arises whether or not the arrangement or transaction entered into has been avoided in pursuance of subsection 6.13.1.
- 6.13.5 If an arrangement is entered into by the society and a person connected with a member of the Management Committee in contravention of Subsection 6.12 of this bye-law, that member shall not be liable under subsection 6.13.3 if he shows that he took all reasonable steps to secure the Society's interest.
- 6.13.6 This section shall have effect with regard to reference in sections 6.12. of this bye-law to a person being "connected" with a Management Committee member being associated with "or" controlling a body corporate.
- 6.13.7 A person is connected with a Management Committee member if he (not being himself a Management Committee member) is –
- a) That Management Committee member's spouse, child, or stepchild;
  - b) Except where the context otherwise requires, a body corporate with which the Management Committee member is associated; or
  - c) A person acting as a trustee of any trust, the beneficiary of which include-
    - 1) The Management Committee member, his spouse, any children or step-children; or
    - 2) A body corporate with which he is associated, or of a trust whose terms confer powers on



- the trustees that may be exercised for the benefit of the Management Committee member, his spouse or anybody corporate; or
- 3) A person acting as partner of that Management Committee member or of any person who by virtue of paragraph (1) (2) or (3) of this subsection is connected with that Management Committee member.

## **7.0 SUPERVISORY COMMITTEE:**

Supervisory committee, which shall comprise of three members, shall be elected at the Annual General Meeting.

### **7.1 DUTIES OF THE SUPERVISORY COMMITTEE:**

- 7.1.1 The Supervisory committee members shall meet at least once every six months to make or cause to be made an examination of the affairs of the society, which shall include an audit of its books and an inspection of the securities, cash account, loans and stock of goods.
- 7.1.2 To ascertain that all actions of the Management Committee are in conformity with the Law, Regulations and these bye-laws.
- 7.1.3 Make a written report to the management Committee of its finding following each examination.
- 7.1.4 Make an Annual Audit and written report and submit same to the Annual General Meeting.

## **7.2 CREDIT COMMITTEE:**

### **7.2.1 CONSTITUTION OF CREDIT COMMITTEE:**

The credit Committee shall consist of at least 5 members appointed by the Management Committee under the leadership of the Treasurer. Not more than three members of the Credit Committee could come from the Management Committee. No member of the Credit Committee can sit over a loan application for which he is the applicant.

### **7.2.2 DUTIES OF CREDIT COMMITTEE:**

- a. To process applications for loans against the background of the financial conditions, previous record of borrowing, purpose of loans, ability to repay fully and promptly, and the character and financial standing of the sureties and thereafter recommend for the approval of the Management Committee.
- b. To decide on the terms of repayment of loans granted.
- c. To call for at regular intervals, comparative statements of delinquent loans and reasons for them in order to evaluate the quality of their worth.

- d. The committee may at its discretion waive a member's contribution towards the ordinary savings during the currency of a loan, the repayments of which may impose more hardship on such member if he were to continue to make his normal savings along with the repayment of his loan. Alternatively, the committee may adopt a level plan payment which enables a borrower continue a proportion of his total payments to his ordinary savings while repaying his loans.

## **8.0 CREATION OF FUNDS:**

### **8.1 SOURCES OF FUNDS:**

The funds of the Society shall comprise of: -

- 8.1.1 An undetermined number of shares of the value of ~~N~~1000.00 each;
- 8.1.2 Entrance fees to be reviewed from time to time by the Management Committee;
- 8.1.3 Savings of members as defined in Bye-law 8.7;
- 8.1.4 Surplus arising out of the business of the Society;
- 8.1.5 Miscellaneous sources as approved by the Director;

### **8.2 EMPLOYMENT OF FUNDS:**

The funds of the Society shall be devoted only to the promotion of the stated objects of the Society, to any other objects permitted in these Bye-Laws, and to any other purposes approved by the General Meeting and the Director.

### **8.3 SHARE HOLDING:**

Every member must hold at least 20 full shares at a nominal value of =N=1000.00 per share, which shall not be transferable except to a nominee in accordance with Bye=Law 4.5.

### **8.4 WITHDRAWAL OF SHARES:**

Shares may not be withdrawn unconditionally; but if at the end of the financial year the Society's financial situation is favourable, the Management 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 permission.

## **8.5 LIMIT ON SHARE HOLDING:**

No member shall hold more than 40% of the number of shares actually paid up. This will be reviewed from time to time by the Management Committee. If any member, by inheritance or otherwise, becomes possessed of more than the maximum holding permitted, the Management Committee, may sell the excess or buy them for disposal by the Society.

## **8.6 ENTRANCE FEES:**

Every member, on joining the Society shall pay an entrance fee, as may be determined by the Management Committee from time to time. While any member who had earlier resigned/withdrew his membership can only be re-admitted during the following financial year, after not less than 12 calendar months outside the membership of the society, and a payment of 'Re-Entry Fee', which shall also be decided by the Management Committee from time to time.

## **8.7 COMPULSORY SAVINGS:**

8.7.1 Every member shall make regular thrift savings, minimum of which shall be determined by the Annual General Meeting from time to time:

8.7.2 Savings shall be governed by rules to be framed by the Society subject to the approval of the Director;

8.7.3 The rate of dividend payable on regular thrift savings shall be determined after the surplus has been ascertained and necessary reserves created:

8.7.4 No member can withdraw part or whole of his savings except on withdrawal of membership.

## **9.0 USE AND CUSTODY OF FUNDS:**

### **9.1 INTERNAL FUNDS:**

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

- (a) A reserve fund;
- (b) A depreciation fund;
- (c) An insurance fund;
- (d) Development, educational propaganda or other funds approved by the general Meeting and the Director;
- (e) Current or Savings bank accounts or cash; Term Deposits, Real Estates or Federal Government Treasury bill.

f) Stocks of Shares or Goods

## **9.2 USE OF FUNDS:**

The funds of the Society shall be applied only for the furtherance of its stated objects in accordance with these Bye-laws.

## **9.3 INVESTMENT:**

Such funds of the Society as are not required for current use may be invested in any manner permitted by the law and regulations and approved by the Director.

## **9.4 OPERATION OF BANK ACCOUNT:**

The Society shall operate a Trustee bank Account. Before money is withdrawn from the Bank, the Cheques or withdrawal slip shall be signed by at least two of the Trustees. If transfer is by online means, the online endorsement of at least two of the Trustees shall be required.

## **10.0 LOANS:**

Loans may be granted to members' subject only to availability of funds and shall be for purpose, which in the opinion of the management Committee are productive or necessary, and in the best interest of the borrower.

## **10.1 CONDITIONS GOVERNING LOANS:**

No loan shall be granted to: -

- (a) Any individual other than a member of the Society;
- (b) Any member whose installments' of shares are in arrears;
- (c) Any member who has not made thrift savings under Bye-law 8.0'
- (d) For a period exceeding the time limit fixed by the General Meeting;
- (e) If it would bring a member's total indebtedness at the time of the loan to an amount exceeding his maximum credit limit;

## **10.2 APPLICATION FOR LOANS.**

These shall be made to and disposed of by the Management Committee but processed by the credit Committee.

## **10.3 LOANS TO MEMBERS:**

No loans shall be made to a member within six months of his becoming a member of the Society except in the case of transfer of an existing loan of a past member to his nominee or other successor in interest.

## **10.4 MAXIMUM CREDIT LIMIT:**

The maximum credit limit of each applicant for a loan shall be determined as two and half of the total savings of the applicant as at the time of the application. This however is subject to the maximum credit approved by the Board of Trustees based on availability of funds, the principle of making credit available and the number of members that are qualified and the securities offered by them.

## **10.5 INTEREST ON LOAN TO MEMBERS:**

Interest on loan to members shall be charged at a rate approved by the Management Committee which in principle is expected to be less than the lending rate in the open market. . In case of default in repayment, penal interest shall be charged at twice the nominal rate.

## **10.6 SUPPLY OF CONSUMER GOODS:**

10.6.1 The Society shall purchase for supply to members such equipment or items as are necessary for the improvement of members' living condition. Where the member is not in good position to pay cash for these goods, the value of the supplies may be treated as a loan subject to Bye-law 10.4;

10.6.1 The Society shall also stock domestic and personal requirements including foodstuff for sale to members.

10.7 Every borrower shall execute a bond and shall furnish two sureties who must be members of the society. No extension of the period of repayment shall be granted without the consent of the sureties.

#### **10.8 DUTIES OF A SURETY:**

A surety must be a reputable member of the society and shall personally guarantee;

10.8.1 Repayment of the loan if the borrower defaults;

10.8.2 The correctness of the particulars on which the value of the borrower's securities is based;

10.8.3 That the loan is used for the purpose stated by the borrower in his application.

10.8.4 The surety shall report misuse of the loan to the Committee immediately.

#### **10.9 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 order:

(a) Firstly, to share payments, penalty and other miscellaneous charges due by him.

(b) Secondly, to interest on loan, and

(c) Thirdly, to principal loan.

#### **11.0 DISPOSAL OF SURPLUS**

##### **11.1 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:-

11.1.2 Reserve Fund; At least one-fourth shall be carried to the Reserve Fund, unless a lower rate is prescribed by the Director.

11.1.3 2 ½% to the Education Fund if required by Law.

11.1.4 Honoraria, Donation or other appropriations as may be decided by the Management Committee and approved by the Director;

11.1.5 Dividend on members' savings, ordinary share capital and loans, shall not be less than 50% of the net surplus.

11.1.6 Building up a General Reserve;

## **11.2 DIVIDEND:**

The Committee shall determine the dividend payable on shares, loan repaid and savings, provided that the appropriate net surplus for dividend shall not be less 50%. No dividend shall be paid if any overdue claim to a depositor or lender remain unsatisfied.

## **11.3 RESERVE FUND:**

The Reserve Fund is indivisible and no member is entitled to claim a specific share in it. Except with the permission of the Director, it shall not be utilized in the business of the Society, but shall be deposited or invested in accordance with Sections 33 and 34 of the Nigerian co-operative Societies Decree 90 of 1993 and section 25 of the law but subject to the written permission of the Director.

## **11.4 DIRECTOR'S APPROVAL:**

The appropriation of the net surplus shall be subject to approval by the Director and governed in all respects by the spirit and letter of the law and the regulations.

## **11.5 AUDIT AND SUPERVISION FEES**

Audit and Supervision fees is the rate assessed by the Director and paid annually by the society to any recognized body approved by the Director.

## **11.6 EDUCATION FUND:**

Not less than 2.5% of the yearly net surplus shall be carried to an Education Fund, and utilized for the promotion and extension of Cooperative principles.

## **12 BOOKS OF ACCOUNTS.**

12.1 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 Bye-Law 4.5 and the member's attendance at general meeting;

12.1.2 A cash book showing the receipts, expenditure, and balance on each day on which business is done;

12.1.3 General Ledger;

12.1.4 Personal Ledger with accounts for each member; depositor and creditor;

12.1.5 Loan register showing installment for repayment of loans;



12.1.6 Minute book for proceedings of General and Management Committee Meeting;

12.1.7 **Register of share payment;**

12.1.8 Loan bond book showing particulars and containing bonds for all loans issue.

12.1.9 Such other records as may be prescribe by the Director.

## **12.2 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 Cooperative 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, regulations and of these bye-laws shall be available for inspection at the Registered Address of the Society at all reasonable hours.

## **12.3 ANNUAL STATEMENT:**

12.3.1 The society shall prepare yearly, in such form, as may be prescribed by the Director:

- An account showing the income and expenditure for the year; and
- A balance sheet.

12.3.2 The account shall be due for submission on or before the 31<sup>st</sup> day of March or such other date as the Director may direct.

## **12.4 RECEIPTS:**

It shall be the duty of every member: -

- 1) To insist upon obtaining a separate printed receipt from the proper receipt book, or such other form of receipt as may be approved by the chief Registrar for every sum of money paid to the Society.
- 2) To sign or make his thumb print in the proper book, in token of receipt, whenever any sum of money is paid or repaid to the society:

## **13. LIQUIDATION:**

13.1 The society shall not be liquidated exception in accordance with Sections 54 and 55 of the Law.

13.2 On the dissolution of the society, the Reserve Fund and other funds of the society shall be paid, first in discharging the liabilities of the society and secondly in the repayment of the share capital paid up. The remainder shall be placed by the Director of Cooperatives in the Bank until a new Cooperative

Society with as similar area of operations is registered in which event the funds shall be credited to the Reserve Funds of the society or to any other co-operative society he might deem fit.

#### **14. MISCELLANEOUS PROVISIONS.**

##### **14.1 AFFILIATION TO SECONDARY COOPERATIVE BODY:**

Unless there are reasons to the contrary accepted by the Director, the Society shall affiliate itself at the earliest possible moment to any secondary co-operative body formed in its area of operations.

##### **14.2 DISPUTES:**

Any dispute arising in or concerning the Society and its members or past members shall be resolved internally with the society machineries and the decisions of the Supervisory Committee shall be final. However such disputes not being resolved internally may be referred to the Director for settlement by arbitration under the provision of Section 44 of the Co-operative Societies Law.

##### **14.3 SEAL:**

The Management Committee shall hold in safe custody the seal of the Society on behalf of the trustees. The seal shall be of a pattern approved by the Director. Documents shall be sealed by at least two of the trustees.

##### **14.4 SURCHARGE:**

The General Meeting of the society may impose surcharge on members, as recommended by the Management Committee and approved by the Supervisory Committee, for flagrant or repeated contravention of the Bye-laws.

#### **15 AMENDMENT OF BYE-LAWS:**

Any amendment of or addition to these Bye-Laws shall be made by General Meeting of the Society in accordance with section 14 and Regulations 5 of the Law, but such amendments shall not be valid until registered by the Director.

**16 CERTIFICATION**

I hereby certify that the forgoing Bye-laws of the NIFESAF ESUT Multipurpose Cooperative Society Limited

**CHIEF REGISTRAR OF CO-OPERATIVE SOCIETIES, ENUGU STATE  
NIGERIA.**

## 17 APPENDIX

### RULES:

#### 1. MONTHLY MINIMUM SAVING:

Monthly minimum savings shall be as determined from time to time by the Management Committee.

#### 2. LOAN

(i) **MAXIMUM CREDIT LIMIT:** the Maximum Credit Limit (MCL) is set at twice members' savings subject to a maximum as determined by the Management Committee Members.

(ii) **REPAYMENT PERIOD:**

All regular loans must be repaid within 30 months. No extension of repayment period will be granted. Downward loan rescheduling may however be considered at the discretion of the Management Committee.

A member may apply to liquidate an existing loan to take a new one, if he has repaid at least 33% of the current loan.

(iii) **REFUND OF INTEREST**

Interest refund on unutilized portion of loans entertained only at the discretion of the Management Committee. This is currently permissible only when loan is being settled in cash or cheque.

(iv) **EMERGENCY LOAN:**

A member with a running loan may be granted emergency loan only at the discretion of the Management Committee. Emergency loans are repayable within three months.

**ELIGIBILITY:**

Only members who have met conditions in Section 4, 8.6 and 8.7 of this Bye-law and have made savings consistently for Six months are eligible to apply and take loans from the Society.