

- 7) Are the members' balances compiled monthly?
- 8) Do these members' balances agree with the general control account.
- 9) Are the minutes signed by the President and Secretary?
- 10) How many loans are delinquent?

Name:.....

Amount:.....

- 11) How many loans are overdue (a) within 1 year (b) over 2 yrs?
- 12) What actions are being taken to recover them?
- 13) Are all management team or officers handling cash bonded?
- 14) Does the society carry a burglary and robbery insurance?

Has the borrower in addition to the loan agreement entered into a special agreement with the society, authorizing the society to claim from his retiring benefits or gratuities, business failure, e.t.c any unpaid balance of the loan in the event of death, retirement or termination of appointment?

- 15) Has Auditors' report been read and discussed at a meeting of Management Committee?

- 7.1.6. **To request at regular intervals, comparative statements of delinquent loans and reasons for them in order to evaluate the quality of their worth.**

## 7.2. **CREDIT COMMITTEE**

### 7.2.1. **COMPOSITION OF THE CREDIT COMMITTEE**

**The credit Committee shall consist of at least 3 members appointed by the Management Committee under the leadership of the Treasurer.**

### 7.2.2. **DUTIES OF THE 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 borrowers and sureties and thereafter recommend for the approval of the Management Committee.**

- b) **To decide on the terms of repayment of loans granted.**
- c) **The committee may at its discretion waive a member's contribution towards the ordinary savings during the currency of a loan, the repayment 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 loan.**

### **7.3 BUILDING COMMITTEE**

#### **7.3.1 COMPOSITION OF BUILDING COMMITTEE**

There shall be a Building Committee, which shall consist of at least five (5) members appointed by the Management Committee and the leadership of which shall also be drawn from the Management Committee.

#### **7.3.2. DUTIES OF THE BUILDING COMMITTEE**

- a) **To be responsible for acquisition of landed properties for the benefit of members of the society.**
- b) **To ensure that landed properties to be bought are free of any encumbrances.**
- c) **To be responsible for processing all title documents of the Society's land**
- d) **To set guidelines for the management and maintenance of all properties in the Society's Estates.**
- e) **To render a quarterly report on the operations and finances of the committee to the Management Committee.**

### **7.4. CONSUMER COMMITTEE:**

#### **7.4.1. CONSTITUTION OF CONSUMER COMMITTEE:**

There shall be a Consumer Committee, which shall consist of at least three (3) members appointed by the Management Committee and the leadership of which shall also be drawn from the Management Committee.

#### **7.4.2. DUTIES OF THE CONSUMER COMMITTEE**

- a) To arrange for the purchase of commodities like daily consumable items, House-hold appliances, e. t. c.
- b) To arrange for the sale of commodities thus purchased to members and consumers in general, at reasonable market prices.
- c) To promote a shopping floor that will be accessible to members and the general public.
- e) To render a quarterly report on the operations and finances of the committee to the management committee.

#### **8. 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.....each; which shall be determined by the Management Committee from time to time.
- 8.1.2. Entrance Fees, proceeds from sales of loans and membership forms;
- 8.1.3. Savings of members as defined in Byelaw 8.7;
- 8.1.4. Surplus arising out of the business of the Society;
- 8.1.5. Interest received on loans; and
- 8.1.6. Other 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 objectives of the Society, to any other activity permitted in these Bye-Laws, and any other purposes approved by the General Meeting and the Director.

##### **8.3 SHARE HOLDING:**

- 8.3.1 Every member shall hold fully-paid shares of at least ..... shares at a nominal value of = N = .....per share, which shall not be transferable except to a nominee in accordance with Bye-Law 4.5. The minimum share holding can be increased or decreased by the decision of the general meeting as the business of the society may demand.

8.3.2 A member may pay by instalments as approved by the management committee provided the full value of the minimum shareholding is paid within the stipulated period of 6 months or as may be decided by the management committee.

8.3.3 Members who do not pay the full value of the minimum shareholding by the due date shall not be entitled to any bonus from the investment of the share capital

8.3.4 A member can hold any number of shares in excess of the minimum Share holding but not exceeding 20% of the total paid up share capital by all members at any point in time.

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

Shares shall not be withdrawn unconditionally; but if at the end of the financial year the Society's financial situation is favorable, 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 (5%) of the total fully paid share be paid out in any year without the Director's permission.

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

No member shall hold more than one-fifth of the number of shares actually paid up by all members. If any member, by inheritance or otherwise, possesses 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/RE-ENTRY FEES:**

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

#### 8.7 **COMPULSORY SAVINGS:**

8.7.1 Every member shall make regular thrift savings, minimum of which shall n o t be below =N= .....(.....) per month;

- 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 ordinary 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. 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 and other funds approved by the General Meeting and the Director;
- e) Current or Savings Bank Accounts, Term Deposit or Federal Government Treasury Bills and other business ventures.
- 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 objectives in accordance with this Bylaws.

### **9.3 INVESTMENTS:**

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

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

The Society shall operate Trustee Bank Accounts. Before money is withdrawn from the Bank, the cheques or withdrawal slips shall be signed by at least two of the Trustees.

**10. LOANS:**

Loans shall be granted to members subject only to availability of funds and shall be for purposes, which, in the opinion of the Management Committee are productive or necessary, and in the best interest of the borrowers.

**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 instalments of shares are in arrears;
- c) Any member who has not made thrift savings under Bye-law 8.7.
- d) Any member for a period exceeding the time limit fixed by the General Meeting
- e) Any member If it would bring a member's total indebtedness at the time of the loan to an amount exceeding his maximum credit limit.(MCL)

**10.2 APPLICATIONS FOR LOANS:**

This shall be made to and disposed off by the Management Committee but processed by the Credit Committee.

**10.3 LOANS TO MEMBERS:**

No loans shall be made to a member earlier than 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 twice the total savings of the applicant as at the time of the application. This however is subject to maximum credit limit approved by the General Meeting, availability of funds, the principle of making credit available to as many members as are qualified and the securities offered.

**10.5 INTEREST ON LOAN TO MEMBERS:**

Interest on loan to members shall be charged at a rate approved by the General Meeting but shall not exceed 15% per annum nor shall it be below 5% per annum. In case of default in repayment, penal interest shall be charged at twice the normal rate.

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

10.6.1 The Society shall purchase for supply to members such household equipments or consumer items as are necessary for the improvement of members' living conditions. Where the member is not in a position to pay cash for these goods, the value of the supplies may be treated as a loan subject to Bye-law 10.

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

## **10.7 BONDS AND SURETIES:**

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

## **10.8 DUTIES OF A GUARANTOR:**

A Guarantor must be a reputable member of the Society and shall personally guarantee;

- (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;
- (iii) That the loan is used for the purpose stated by the borrower on the application form.

10.8.1 Such guarantor 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) to share payments, penalty and other miscellaneous charges due by him
- b) Interest on loan, and
- c) Principal loan.

## **11 DISPOSAL OF SURPLUS**

11.1 **Appropriation:** At the close of each financial year, the excess of the Society's income over expenses, shall be appropriated to the following funds:-

- (i) **Reserve Fund:** At least one-fourth (25%) shall be carried to the Reserve Fund, unless a lower rate is prescribed by the Director
- (ii) 2½ % to the **Education Fund**
- (iii) **Honoraria** of not more than (5%)
- (iv) **Dividend** on members' savings, Bonus on patronage, share capital interest shall not be less than 50% of the net surplus.
- (v) **Annual General Meeting Expenses**
- (vi) Building up a **General Reserve;**

11.2 **DIVIDEND:**

The Committee shall determine the dividend payable on shares, loan repaid and savings, provided that the appropriated net surplus for dividend shall not be less than 50%. No dividend shall be paid if any overdue claim to a depositor or lender remains unsatisfied. A lien shall be placed on such dividend and applied to service such outstanding loan.

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 Section 25 of the Cooperative Societies Law Ch.C14 Laws of Lagos State 2015

11.4 **EDUCATION FUND**

Not less than 2.5% of the yearly net surplus shall be carried to an Education Fund reserve, half of which shall be paid to Lagos State Co-operative Federation (LASCOFED) for the promotion and extension of co-operative principles and values.

11.5 **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 regulations.



**11.6 AUDIT AND SUPERVISION FEES. (A.S.F)**

Audit and Supervision Fees is one percent (1 %) of the gross income or any rate assessed by the Director and paid annually by the society to any recognized body approved by the Director.

**12 BOOKS OF ACCOUNTS.**

**12.1 PRESCRIBED BOOKS OF INSPECTION:**

Accounts and Records shall be maintained in the forms prescribed by the Director of Cooperatives and shall include the following:-

- 12.1.1 A Membership and Attendance Register, showing the name, address specimen signature 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 instalment 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 of and containing bonds for all loans issued;
- 12.1.9 Such other records as may be prescribed 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 any accredited Cooperative Official provided that no person other than an Officer or Committee member 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 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:

- (I) An account showing the Statement of Comprehensive Income for the year; and
- (ii) A Statement of Financial Position.

12.3.2. The account shall be due for submission between January 1st and February 28/29 or such other date as the Director may direct, and 4 copies of each account shall be sent to the Director for approval within such time as the Director may direct.

### **12.4 RECEIPT:**

It shall be the duty of every member:-

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

### **13. LIQUIDATION:**

13.1 The society shall not be liquidated except in accordance with Sections 56 & 57 of the Co-operative Societies Law, Ch. 14 of the Law of Lagos State of Nigeria, 2015.

13.2 On the dissolution of the society, the Reserve Fund and other funds of the society shall be applied, first in discharging the liabilities of the society, secondly in the repayment of the share capital paid up, and thirdly to members savings Any surplus shall be disposed off as decided by Director.

### **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 the approved Cooperative Union within its area of operations.

14.2 **DISPUTES:**

Any dispute arising in or concerning the Society and its members or Past members shall be referred to the Director for settlement by arbitration under the provision of Section 42 of the Co-operative Societies Law.

14.3 **SEAL:**

The trustees 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 surcharges on members not exceeding Five Thousand Naira (N5,000.00), for flagrant or repeated contravention of the Bye- Laws

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

Any amendment or addition to this Bye-Laws shall be made by General Meeting of the Society in accordance with Section 11 and Regulation 5 of the Law, but such amendments shall not be valid until registered by the Director.

16. **CERTIFICATION:**

I hereby certify that the foregoing Bye-Laws of LEGACY.....

.....(IKEJA )

**COOPERATIVE MULTIPURPOSE SOCIETY LIMITED.**

No: LSCS 17253 of 7th day AUGUST 2020

has been Registered under Section 6 of the Co-operative Societies Law, Ch. 14, of the Laws of Lagos State of Nigeria, 2015.

*Zulibraheem*  
**DIRECTOR OF CO-OPERATIVE SERVICES,  
LAGOS STATE OF NIGERIA**





