

Articles of Incorporation

Of

(Name of the Corporation)

KNOW ALL MEN BY THESE PRESENTS:

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a non-stock and non-profit corporation under the laws of the Republic of the Philippines;

AND WE HEREBY CERTIFY:

FIRST: That the name of said corporation shall be:

(The word "Microfinance" or "Microfinancing" shall be included in the corporate and trade name.)

SECOND: That the purpose/s for which such corporation is incorporated is/are:

- a. To implement a microenterprise development strategy and provide microfinance programs, products and services, such as microcredit and microsavings, for the poor and low-income clients.

OR

To provide in favor of the poor direct access to reasonable and affordable credit and related programs and services which shall include, but shall not be limited to, microfinance, microinsurance, microenterprise development, health care, and microhousing, subject to existing laws and regulations.

- b. To provide business development opportunities and capacity building activities such as leadership training and entrepreneurial skills enhancement;
- c. To provide human development services to help the poor achieve a level of sustainability and empowerment, and adopt measures to promote a spirit of generosity and selfless giving among individuals and institutions that shall help support programs directly involved in poverty eradication;
- d. To establish partnership with authorized microinsurance agents and/or entities in the furtherance of its social protection objectives;

- e. To borrow money or incur such obligations from not more than nineteen (19) lenders for the purpose of relending to microfinance borrowers, subject to existing laws; Provided, that this Microfinance Nongovernment Organization (NGO) shall not be deemed as engaged in quasi-banking activities if the proceeds of such borrowings are exclusively used for relending to microfinance borrower;
- f. To accept donations or grants in accordance with existing laws and regulations;
- g. To invest its funds in sound, nonspeculative enterprises and instruments, subject to rules and regulations of the relevant government regulatory agency;
- h. _____
_____;

The corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts, subject to the provisions of Republic Act No. 8799, otherwise known as the Securities Regulation Code and its Implementing Rules and Regulations, as amended.

THIRD: That the principal office of the corporation is located in _____

(complete address)

FOURTH: That the term for which said corporation is to exist is **[MF-NGO to indicate term; note that under the current corporation code, maximum term is 50 years, subject to extension.]** years from and after the date of issuance of the certificate of incorporation.

FIFTH: That the names, nationalities and residences of the incorporators are as follows:

| NAME | NATIONALITY | RESIDENCE | AMOUNT CONTRIBUTED |
|-------|-------------|-----------|--------------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

incident to its operation shall, whenever necessary or proper, be used for the furtherance of the purposes enumerated in Article II, subject to the provision of Title XI of the Corporation Code of the Philippines.

TENTH: The level of administrative expenses shall not exceed thirty (30%) of the total expenses for the taxable year.

ELEVENTH: That upon dissolution, the net assets shall be distributed to another NGO organized for similar purposes, or the State for public purpose/s, or as may be determined by a competent court of justice.

TWELFTH: That no part of the property or income shall inure to the benefit of any member, officer, organizer or any individual person.

THIRTEENTH: That the incorporators and Trustees undertake to change the name of the corporation as herein provided, or as amended thereafter, immediately upon receipt of notice or directive from the Securities and Exchange Commission that another corporation, partnership or person has acquired a prior right to the use of that name or that the name has been declared as misleading, deceptive, confusingly similar to a registered name or contrary to public morals, good custom or public policy.

FOURTEENTH: That the Microfinance Nongovernment Organization (NGO) further undertakes to amend its Articles of Incorporation and By-Laws upon receipt of notice or directive from the Microfinance NGO Regulatory Council to integrate other requirements which are deemed necessary to ensure observance of financial standards, social performance requirements, governance benchmarks, and other rules and regulations.

IN WITNESS WHEREOF, we have hereunto signed these Articles of Incorporation, this _____ day of _____ 20____, in the City/Municipality of _____, Province of _____, Republic of the Philippines.

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(Names and signatures of the incorporators and TIN)

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES }
 } S.S.

BEFORE ME, a Notary Public, for and in _____, Philippines,
 this _____ day of _____, 20 _____, personally appeared the
 following persons:

| Name | TIN/ Passport/ID No. | Date & Place Issued |
|-------|-------------------------|------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
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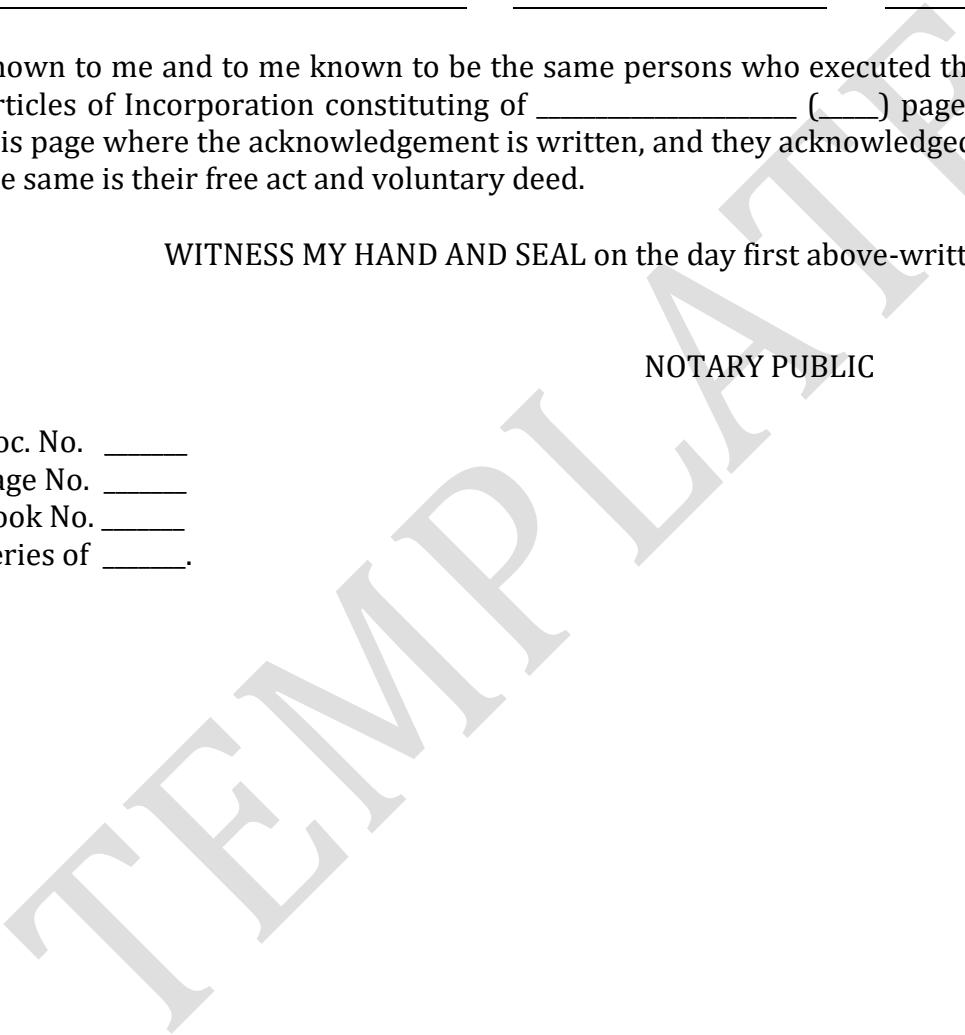
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known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation constituting of _____ (____) pages, including this page where the acknowledgement is written, and they acknowledged to me that the same is their free act and voluntary deed.

WITNESS MY HAND AND SEAL on the day first above-written.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____.



BY -LAWS

OF

(Name of the Corporation)

I. MEETINGS OF THE TRUSTEES.

- a) Regular meetings of the Board of Trustees of the corporation shall be held monthly, unless herein otherwise provided.
- b) Special meetings of the Board of Trustees may be held at any time upon the call of the President or as provided herein.
- c) Meetings of Trustees may be held anywhere in or outside of the Philippines, unless otherwise provided herein. Notice of regular or special meetings stating the date, time and place of the meeting must be sent to every Trustee at least one (1) day prior to the scheduled meeting. A Trustee may waive this requirement, either expressly or impliedly.

II. MEETINGS OF THE MEMBERS.

- a) Regular or annual meetings of members shall be held annually on **[Indicate a specific date].**
- b) Written notice of regular meetings shall be sent to all members of record at least twenty-one (21) days prior to the meeting, **unless a longer period is otherwise required herein.** The Chairperson shall preside in all meetings of the Trustees as well as of the members. **[The MF-NGO may designate herein under another trustee to preside in case of the absence, unavailability or disability of the Chairperson.]**
- c) Special meetings of members may be held at any time deemed necessary, in accordance with the procedure provided herein.
- d) Written notice of special meetings shall be sent to all members at least twenty-one (21) days prior to the meeting, unless a longer period is required herein.
- e) Members' meetings, whether regular or special, shall be held in the city or municipality where the principal office of the corporation is located, and, if

practicable, in the principal office of the corporation. Metro Manila shall, for the purpose of this provision, be considered a city or municipality.

III. QUORUM

The required quorum in meetings of members shall consist of the members representing a majority of the entire membership.

IV. PROXIES OF MEMBERS

- a) Members may vote in person or by proxy in all meetings of members. Proxies shall be in writing, signed by the member and filed before the scheduled meeting with the Corporate Secretary.
- b) Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it was intended.
- c) No proxy shall be valid and effective for a period longer than five (5) years at any one time.

V. MEMBERSHIP

- a) Membership. Membership in the organization shall be composed of the following, who must be in good standing:
 - i. Incorporators and members of the Board of Trustees appearing in the Articles of Incorporation;
 - ii. Those subsequently accepted into the organization as members by a majority vote of the Board of Trustees. ***[The MF-NGO is highly encouraged to provide its own definition of "membership" and/or "member"]***
- b) Qualifications. The minimum qualifications required before a person can be eligible for membership in the organization are as follows:
 - i. He/She must be a natural person and of legal age;
 - ii. He/She must be a person of good moral character and of good standing in the community;
 - iii. He/She must not have been convicted by final judgement of an offense punishable by imprisonment for a period exceeding six (6) years or of any crime involving moral turpitude; and
 - iv. He/She must share the vision, mission, purpose and core values of the MF-NGO.

[The MF-NGO is highly encouraged to provide its own list of qualifications and disqualifications of members.]

The Board of Trustees may prescribe additional qualifications for membership in the organization. **[e.g. He/She must be keen in providing microfinance services to poor households.]**

- c) Rights of Members. A member shall have the following rights:
- i. To exercise the right to vote on all matters relating to the affairs of the organization;
 - ii. To be eligible to any elective or appointive office in the organization;
 - iii. To participate in all deliberations/meetings of the organization; and
 - iv. To examine all the records or books of the organization during business hours, provided that prior written notice of at least three (3) days is given to the Corporate Secretary.
- d) Duties and Responsibilities of Members. A member shall have the following duties and responsibilities:
- i. To comply with the by-laws, rules and regulations of the organization and those that may subsequently be promulgated by the organization from time to time;
 - ii. To attend regular meetings, special meetings and such other meetings as may be called by the Board of the Trustees; and
 - iii. To pay membership dues and other assessments of the organization, if any.

VI. THE TRUSTEES

- a) The Board of Trustees (Board) is primarily responsible for the governance of the corporation. The Board shall set the policies for the accomplishment of the organization's objectives.
- b) No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of Batas Pambansa Bilang 68, otherwise known as the Corporation Code or subsequent amendments thereto, committed within five (5) years prior to the date of his election, shall qualify as a Trustee.
- c) No person shall be elected as Trustee unless he/she is a member of the corporation.
- d) A majority of the Trustees must be residents of the Philippines.
- e) The Board shall be composed of **[MF-NGO to indicate a specific number of Trustees, which shall not be less than five (5) nor more than fifteen (15)]** Trustees who are elected by the members.

- f) ***[Twenty percent (20%) of the Board shall be “member-clients”¹. This is a recommended provision for existing and Large MF-NGOs.]***
- g) The Trustees’ terms of office shall be staggered. For the initial set of Trustees, one-third (1/3) of those garnering the highest number of votes shall hold office for three (3) years, the next one-third (1/3) having the second highest number of votes shall hold office for two (2) years, and the last one-third (1/3) of the Trustees having the least number of votes shall hold office for one (1) year. Elections shall be held annually to fill up the resulting vacancies. Except for the aforesaid initial set of Trustees, succeeding Trustees shall hold office for three (3) years.
- h) The Trustees shall not receive any compensation as such Trustees, except only reasonable per diems.
- i) The Board shall be headed by a competent and qualified Chairperson and shall be separate from the President/Executive Director/General Manager.

VII. THE OFFICERS

- a) Immediately after their election, the Trustees of the organization must formally organize by the election of corporate officers, who shall handle the day-to-day operations of the organization and carry out the policies set by the Board.
- b) The following are the Officers of the organization:
 - i) The President/CEO/Executive Director/General Manager, who must be a Trustee, shall direct the day-to-day operations of the corporation;
 - ii) The Treasurer, who may or may not be a Trustee, shall be in charge of the funds of the organization; and
 - iii) The Secretary, who shall be a resident and citizen of the Philippines, shall keep corporate records, and prepare and preserve minutes of the board meetings.

[All corporate officers, in addition to those enumerated above, if any, must be listed herein, e.g. Executive Director, Chief Financial Officer, etc. All officers declared in the GIS must be reflected in the By-Laws.]

[All officers of the corporation must be indicated under this section, together with their qualifications, disqualifications, duties and responsibilities. For example, if the applicant intends to designate a Chief Executive Officer, instead of a President, or a Chief Financial Officer, instead of a Treasurer, the same should be stated herein so that signatories in the Financial Statement (a reportorial requirement) are consistent with the By-Laws, otherwise, penalties may be imposed.]

¹ In case of member-client, he/she must be a client of the MF-NGO for at least three (3) consecutive years and has good standing.

- c) Two (2) or more positions may be held concurrently by the same officer; however, no one shall act as President and Secretary or as President and Treasurer at the same time.
- d) The officers of the organization shall hold office for one (1) year and until their successors are elected and qualified.

VIII. COMMITTEES

The Board may create such committees as may be beneficial to the operations of the Microfinance NGO. These include, but are not limited to, an Audit Committee, a Governance Committee, and a Finance and Risk Committee.

IX. REMOVAL OF TRUSTEES

Any Trustee of the corporation may be removed from office by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at the regular meeting of the corporation or at a special meeting called for that purpose, and in either case, after previous notice to members of the corporation of the intention to propose such removal at the meeting. A special meeting of the members of a corporation for the purpose of removal of Trustees, or any of them, must be called by the Secretary on order of the President or on the written demand of a majority of the members entitled to vote.

X. GUIDELINES IN CASE OF CESSATION OF ANY TRUSTEE

- a) In case of cessation of any Trustee except for removal by the members or by expiration of term, the vacancies may be filled by the vote of at least a majority of the remaining Trustees, if still constituting a quorum; otherwise, said vacancies must be filled by the members in a regular or special meeting called for that purpose.

Trustees appointed by the Board to fill vacancies occurring before the expiration of a particular term shall hold office until the next election.

- b) Trustees elected by members in a special meeting called for that purpose shall hold office only for the unexpired portion.

XI. BOARD CHARTER

- a) The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties, particularly in relation to social, financial and governance goals.

- b) The Board Charter shall serve as a guide to the Trustees in the performance of their function.

XII. FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

VIII. CORPORATE SEAL

The Microfinance NGO may adopt a corporate seal which shall be approved by the Board.

[IX. ALTERNATIVE DISPUTE RESOLUTION (ADR)]

Note: The organization may establish alternative dispute mechanisms (e.g. mediation, arbitration) to resolve intra-corporate disputes in an amicable and effective manner, in which case, the same shall be provided herein (i.e. in the By-Laws).]

IX. MISCELLANEOUS PROVISIONS

- a) Matters not covered by the provisions of these By-Laws shall be governed by the provisions of the Corporation Code of the Philippines and subsequent amendments thereto, as may be applicable to the corporation.
- b) The Microfinance NGO shall amend its By-Laws upon receipt of notice or directive from the Microfinance NGO Regulatory Council to integrate other requirements which are deemed necessary to ensure the observance of financial standards, social performance requirements, governance benchmarks, and other rules and regulations.

IN WITNESS WHEREOF, we, the undersigned incorporators and/or members present at said meeting and voting thereat in favor of the adoption of said by-laws, have hereunto subscribed our names this _____ day of _____ at _____.

