

BIBLIOGRAPHY

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ABSTRACT

This case study was conducted to find out the growth rate in total membership, the operational status of the cooperative, its services offered, the sources of funds of the cooperative, and the strategies of the cooperative in managing its several branches.

This study was conducted at the main office in Banawe, Ifugao. Several interviews were done with the general manager and some staff of the cooperative. The financial information was provided by the internal auditor of the cooperative.

The cooperative started its operation in 1991 with only 24 members. At present it has eleven branches located in different municipalities of Ifugao, Nueva Viscaya, and Quirino Province as well as Santiago City. Its total members increased to 14,162 as of the end of December 2004. Its growth in membership, total asset and paid-up share capital was mainly due to its branching out to several places. Its main service offered was credit with savings and time deposit in all its branches. The other services were resort found in Bayombong, Nueva Viscaya and cable television net work located in its main office in Banawe, Ifugao. The cooperative, like other cooperatives, was beset by problem on loan delinquency. In order to force the delinquent borrowers to pay they resort to barangay settlement or loan collection suit.

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INTRODUCTION

Rationale of the Study

Banaue is one of the well-known municipalities of Ifugao because of its wonderful spot called the Banaue Rice Terraces. The major sources of income of the residents are farming, weaving, woodcarving and swine raising. Some of these residents who wanted to engage in entrepreneurship encountered problems on lack of capital to support their livelihood. The problem of lack of capital led into the organization of the Tam-an Multipurpose Cooperative (TMPC). The residents of barangay Tam-an Banawe, Ifugao for which the name was derived, organized this cooperative. Its objectives were to promote savings and thrift among the people and create funds in order to grant loans for productive purposes. It started first as an association known as Tam-an Hog Raisers Association founded by Mr. Jose Tomas, Jr. on November 9, 1989. Later, it was registered with the Cooperative Development Authority on May 9, 1991 as a cooperative and named as Tam-an Multipurpose Cooperative, Inc. The initial members were 24 and it started with only P25, 500 as capital. With its humble beginning it rose to a millionaire cooperative. As of December 31, 2003, after about thirteen years, the number of members increased to 12,781 and its total asset amounted to P56, 030,004. The sources of funds of TMPC in starting the business operation were from the share capital of members and the loan from the Land Bank of the Philippines. The initial management of the cooperative was done by the vice chairman of the board as decided by the general assembly but as the cooperative progressed in the succeeding year they hired a full time manager.

Among the cooperatives organized in Ifugao, TMPC is the only cooperative that had branched out to different provinces. Its cooperation and by-laws was amended on



March 27, 1999 to expand its area of operation to include eight (8) branches: Bayombong branch, Solano branch, Madella branch, Diffun branch, Mayoyao branch, Santiago City branch, Aritao, Nueva Viscaya branch, and Alfonso Lista, Ifugao branch. This study was therefore conducted to look into the operation of the cooperative, how the affair of the whole cooperative was managed.

Objectives of the Study

The study aims to:

1. look into the membership profile of TMPC in terms of:
 - a. growth rate
 - b. composition based on occupation and place of origin.
2. look into the operational status of the cooperative in terms of:
 - a. total assets
 - b. paid-up share capital
 - c. net surplus
3. find out the business services of the cooperative,
4. find out the internal and external sources of capital,
5. find out the strategies used for the successful implementation of their programs,
6. and find out the problems encountered and the solutions used to solve these problems.



Importance of the Study

The purpose of this study was to take a closer look on the performance of the cooperative in terms of growth in membership and financial growth. Findings of this study would serve as a basis/guide for TMPC to maintain its successful operation and improve on its failure as well as for other cooperatives to emulate the good practices of this cooperative specially those facing problems on membership and capitalization.

Furthermore, this study would serve as a reference for students who would like to conduct a similar study in the future.

Scope and Limitation of the Study

The limitation of this study was the time in gathering the necessary information was not enough. Since the general manager was so busy and always on the run, the information provided by the assistant was not enough to give a complete picture of the cooperative. Furthermore, there was also limited time and money of the researcher to go back and collect the other information.



METHODOLOGY

Locale and Time of the Study

This study was conducted at Tam-an Multipurpose Cooperative, Banaue Ifugao and the other branches from December 2004 to January 2005.

Data Gathering

The data needed in this study was gathered through personal interview with the general manager of the cooperative and the branch managers. The researcher also interviewed some of the management staff and some members who happen to be in the cooperative during visit to the cooperative. Secondary data were also taken from the past year's reports of the manager to the general assembly.

Data Gathered

The data gathered included the financial data from annual reports of the general manager to the general assembly, number of members, policies of the cooperative and the plans and programs of the cooperative.

Data Analysis

The data gathered were tabulated and analyzed using trend analysis and financial ratios.



RESULTS AND DISCUSSION

Membership Profile

This section presents the number of members, the composition of members as to occupation and the composition of members as to place of origin.

Number of members. Tam-an Multipurpose Cooperative (TMPC) started its operation with only 24 regular members in 1991. Due to the branching out of the cooperative to different places, its members abruptly increased to 8,020 in 2002 then to 14,162 in 2004. The annual average increase in members is 2,047 or an annual growth rate of 21.30%. Table 1 presents the growth in membership from 2001 to 2004. Data for 1992 to 2000 were not included because the cooperative do not have a record of this data.

Table 1. Annual growth in membership

YEAR	NEW MEMBERS	TOTAL MEMBERS	RATE OF INCREASE
2001		8,020	
2002	2,830	10,850	35.29
2003	1,931	12,781	17.80
2004	1,381	14,162	10.81
Average	2,047		21.30

Composition of members as to occupation. The members of the cooperative composed of businessmen, private employees, government employees, farmers, and others such as housewife and youth. The businessmen were traders, sari-sari store owners



and vendors. According to the general manager, businessmen composed 80% of the total membership. The private employees were teachers teaching in private schools, company workers and employees of businesses. They comprised 5% of the total membership. Another 5% were composed of government employees who are mostly public school teachers. The remaining 5% composed of housewives and youth. This distribution was based on the estimate of the manager.

According to Mr. Jose Thomas, the general manager of TMPC, they were giving priorities in supporting businessmen because they observed that these members have good credit standing. He further stated that by providing credit to these people, they could improve their businesses and they would be able to employ other people.

Composition of members as to place of origin. Article 10 of RA6938 stated that members must be residing or working in the area of operation. Since TMPC has expanded into different provinces, members must be residing or working within the municipality as shown in Exhibit 1.

Business Operation

Savings and time deposit. The savings and time deposit service is one of the major operations of Tam-an Multipurpose Cooperative. It started its operation by collecting savings deposit of children in the different schools near the cooperative. They also had a door to door collection of savings done by the treasurer of the cooperative and the members of the credit committee. This activity had helped a lot in accumulating funds to be loaned out to members. This activity had stopped however because depositors are now becoming scarce and the regular depositors voluntarily go to the cooperative



office to deposit their money. The amount of savings and time deposits accumulated by the cooperative as of the end of 2003 and 2004 are presented in Table 2. Data for the other years were not provided to the researcher. However, according to the general manager the savings deposit and time deposit had been increasing every year because of their extra effort to promote their savings mobilization program in the different areas of their operation. Total savings deposit in 2003 amount to P9.2 million then increased to P10.5 million. The rate of increase in savings deposit was 14%. For time deposit, the total time deposit in 2004 was P 10.7 million and increased to P11.89 million. The rate of increase in time deposit was 10.76%.

Table 2. Savings and time deposit of the cooperative for 2003 and 2004

YEAR	SAVINGS DEPOSIT	TIME DEPOSIT
2003	9,239,951.28	10,741,729.00
2004	10,527,220.00	11,897,432.39
Rate of increase	13.93	10.75

In order to attract people to save their money in the cooperative, TAM-AN offered high interest on savings and time deposits. Furthermore, they accept a minimum savings deposit with interest of fifty pesos (P50.00) for children and one hundred pesos for adult (P100.00). They even graduated their interest rate so that higher amount of savings has higher interest rate. This encouraged their members who have extra cash to deposit it in the cooperative rather than in the bank. Even a P50.00 deposit could earn an



interest of 6% per annum. If the deposit is more than ten thousand pesos to twenty five thousand pesos, the interest rate is 8% per annum and for deposits higher than twenty five thousand pesos the interest rate is 8.5%. For the time deposit, the minimum amount of time deposit to earn 10% per year is P5,000. If the time deposit is P25,000 it earns 11% and if the amount is P50,000 the interest is 12%. The maximum interest for time deposit is 12%. The interest on savings and time deposits are presented in Table 3.

Table 3. Interest rates on savings and time deposit

PARTICULAR	INTEREST PER ANNUM
Amount of Savings Deposit (in pesos)	
50 – 10,000	6.0%
10,100 – 25,000	8.0%
25,100 – above	8.5 %
Amount of Time Deposit (in pesos)	
5,000 - 24,999	10%
25,000 – 49,999	11%
50,000 - above	12%

Credit service. One service offered by the cooperative is credit. The manager believes that cooperatives are organized to provide financial assistance to its members at a lower interest rate compared to the banks and other financing institutions. The cooperative provides different types of loans as presented in Exhibit 2. The first classification of loan is the productive loan, which consisted of agriculture loan for agri-



based projects, commercial loan for businesses, market vendors' assistance for small vendors and housing project for repairs of houses. The second classification of loan is the providential loan consisting of education loan, hospitalization loan, and emergency loan.

Cable television network. Another service offered by the cooperative to its members is the cable television network. This service operation started on September 1996 only in its main office in Banaue, Ifugao. The cooperative collects P1,500 as membership fee and a monthly subscription fee of only P250. This service is offered to all residence of Banaue. For regular members of the cooperative, those who have paid their membership fee and the minimum share capital and undergone the PMES, they are given a 20% discount on membership fee to the cable television network. There were two cable television networks serving the area but according to some of the subscribers of TAM-AN they preferred the service of the cooperative because it is cheaper and more efficient than its competitor.

Resort. The third business operation of the cooperative is the resort, the Banaue Mountain Resort, located in Bayombong, Nueva Vizcaya. This resort was originally owned and operated by a private individual. This individual used it as collateral for a loan of seven million pesos from the bank. When the property was about to be foreclosed by the bank, the owner offered it to the cooperative as a mortgage so the cooperative paid this loan. The cooperative gave 5 years for the owner to pay the mortgage. The owner was not able to pay the loan after the agreed term thus the cooperative now owns the property. As of 2004, the resort was able to earn a net income of 6 million pesos from the rentals of pools, cottages, conference hall and hotel according to the manager. The



income of the resort is being monitored by the internal auditor of the cooperative. Exhibit 3 presents the amount of fees charged by the resort.

Motivational Program of the Cooperative

Raffle promo. This program has been implemented to encourage more members to join the cooperative and to motivate members to continue patronizing the cooperative. This operation was done yearly during Christmas season only. The cooperative holds its Christmas program every year and at the same time have the raffle draw. This is held at the Banaue Resort where participants from different branches in the different provinces could be accommodated.

To join this activity, a regular member must have a minimum share capital of P3,000 or an associate member must have at least P5,000 savings deposit to be entitled to one free ticket. Each member that meets this requirement are given one ticket each regardless of the amount of total share capital or total savings deposit. According to the manager, this activity had been attracting people to become members or deposit their money in the cooperative and this helped the cooperative raise funds for their operation.

Credit policies

The credit policies consisted of the terms of loans, interest rate, other loan charges, and loan requirements. These are presented in Exhibit 2.

Terms of loans. The different types of loan differ in their term for payment. For the agricultural loan, this is payable in 4 months or one quarter, the commercial loan, and



small housing loan are payable in 12 months while the small vendors assistance program is payable in 3 months. The providential loan is payable in 2 months.

Interest rate. The different types of loan also differ in the interest charge. It can be gleaned from the interest on loans that the cooperative is in support to the farmers because it gives the lowest interest on agricultural loan. On the other hand, the interest on provident loan is the highest which is 2% per month. The interest on commercial loan is 15% per annum, small housing is 18% and the loan for market vendors is 19%.

Other loan charges. Aside from the interest rate, the cooperative also charge service fee and loan redemption fund. The service fee forms part of the income of the cooperative while the loan redemption fund is a reserved fund to offset losses from loans. The cooperative charge a uniform rate of 1% of the gross loan while it charge again a lower service fee for agricultural loan (2%) compared to the other loan except providential loan which is only 1%.

Other loan requirement. The other loan requirements of the cooperative were collateral for loans. For first time borrowers, when they borrow an amount greater than their share capital they must submit a collateral. For old time borrowers with good credit standing, they could borrow up to thirty thousand without any collateral. Another requirement is the co-maker. The co-maker of the loan serves as the co-borrower, in case the borrower cannot pay the loan, the cooperative could demand the co-maker to pay. The other requirements are presented in Exhibit 2.

Sources of Funds

The cooperative had both internal and external sources of funds. According to the



general manager, about 83% of the total asset of the cooperative in 2004 came from internal sources such as savings and time deposits, paid –up share capital, accumulated dividends, income from operation, raffle draw, and reserved funds. The other 17% came from external sources such as bank loan and the income from the operation of the Banawe Resort.

Financial Status

Paid-up share capital. Table 4 shows that the paid-up share capital from 2001 had been continuously increasing. The increase in paid-up share capital was due to the continuous increase in the number of members. The new members brought in additional share capital. The total paid-up share capital in 2001 was 14.7 million pesos and this increased to 18.4 million pesos in 2004 or a rate of increase of about 25%. However, considering the average share capital per member, there was a decreasing trend. The average share capital per member in 2001 was P1,840 but this amount decreased to only P1,304 in 2004. This finding implies that growth in membership was faster than the growth in paid-up share capital.

Table 4 . Paid-up share capital and rate of increase

YEAR	PAID-UP SHARE CAPITAL	RATE OF INCREASE
2001	14,757,605.00	
2002	15,335,999.00	3.9
2003	17,926,403.28	16.8
2004	18,465,600.73	3.0
Average Rate of Increase		7.9



Total asset. Like the paid-up share capital, total asset had been continuously increasing from 2001 to 2004. The total asset in 2001 was 47.03 million pesos. This increased by about 18% in 2002. The following year's increment was very small but in 2004 the increase was a little bit higher. The cooperative reached a total paid up share capital of 18.47 million pesos by the end of 2004 as shown in Table 5.

Ratio of share capital to total asset. The share capital of members is one source of the total asset of the cooperative. Table 6 presents that share capital contributed about 31% to total asset in 2001 and 2003 but this ratio decreased to 30. This finding shows that there are other important sources of total asset aside from the share capital of members.

Table 5. Total asset

YEAR	TOTAL ASSETS (P)	RATE OF INCREASE
2001	47,025,687.00	
2002	55,523,693.21	18.07
2003	56,030,004.06	0.80
2004	59,985,701.10	7.00
Average Rate of Increase		8.62

Table 6. Ratio of share capital to total asset

YEAR	RATIO OF SHARE CAPITAL TO TOTAL ASSET
2001	31.38%
2002	27.62%
2003	31.99%
2004	30.78%



Net surplus. As shown in Table 7 the net surplus for 2001 was P975,315. Net surplus increased in 2002 but decreased in 2003 for the reason that the cooperative paid the remaining balance of the Banaue Resort thus their operating capital was diverted to that investment. The return to asset ratio shows that although the nominal value of net surplus had been continuously increasing from 2001 to 2005, the return to asset had been decreasing for the same period. This shows that the earning ability of their asset had been decreasing. Besides, the ratio is also very low which implies that their asset could earn a higher return elsewhere compared to the cooperative. The same implication is conveyed by the ratio of net surplus to share capital.

Table 7. Net surplus of the cooperative for 2001 to 2004.

YEAR	AMOUNT OF NET SURPLUS	RATIO OF NET SURPLUS TO	
		Total Asset	Share Capital
2001	975,315.00	0.021	0.07
2002	1,309,471.00	0.023	0.09
2003	241,375.81	0.004	0.01
2004	876,969.83	0.002	0.05

Allocation of Net Surplus

The by-laws of Tam-an Multipurpose Cooperative provides the allocation of net surplus as follows: 10% for the General Reserve Fund and 10% for the CETF because they need this in conducting trainings and seminars and during the general assembly which is held every year and another 10% for optional fund which is for the building and



community development. The remaining amount will be allocated for patronage refund and dividend. Of the remaining amount, 60% is allocated to interest on share capital and 40% for patronage refund.

Problems Encountered by the Cooperative

According to the general manager the cooperative does not have much problem on the officers. Presently, the problem of the cooperative is the delinquency of members. In this case, the officers have agreed that they may undergo barangay mediation or by a collection suit to the delinquent members otherwise it will be the termination of their membership. In the case of Banaue Main Office, the general manager stated that more members were becoming delinquent because it is here where many cooperatives were operating.

Strategies in Successful Implementation of Programs:

According to the general manager, in order to supervise all the branches of TMPC he set a monthly schedule to visit all each branches. Aside from these, the general assembly meeting is usually conducted every year with all of the members of TMPC invited to attend. However, the general manger has just proposed that the general assembly meeting would require all officers and representatives from the different branches in order to lessen the expenses in transportation and food expenses.

To make the cooperative successful, the general manager made some strategies to increase its membership because he believed that the sources of capital of the cooperative are from the members. He did this by conducting seminars in all the barangays of each



municipality. After the seminars in all the barangays, the general manager made a policy that the first 15 person and the top 25 people who have the highest savings will be given a premium prize which is the t-shirt printed with TMPC. This encouraged people to join the seminar and deposit their money in the cooperative. With 12 days after the seminar an amount of three hundred thousand pesos (P300,000) was accumulated from share capital and savings deposits of new members. One goal of the cooperative is to generate an amount of P300,000 in order to expand its area of operation. This strategy had been repeated in other areas where the cooperative opened its branches. The minimum share capital was P3,000 each member and a membership fee of P50.00. In order for the members to continue patronizing the cooperative, a policy has been made that the weekly savings of each member is P40.00 which is mandatory to all members. Failure to comply with the rule within 2 months will be the termination of membership.

Since the cooperative is giving loans, they also made a policy in order to get rid of bankruptcy. On the first loan, member-borrowers with good credit standing can borrow the minimum amount of P5,000 and a maximum of P25,000 without any collateral. Failure in paying loans after its maturity date and the given 1 month allowance will be the collection of properties or through barangay mediation.

In addition, due to the different growth of business, the cooperative was able to transfer some of their funds from branches with surplus funds to support the business of other branches, which were in short of fund and gaining less income.



Organizational Structure

The organizational structure of the cooperative is presented in Figure 1. It can be noted from the figure that the general assembly is the highest in the organization. It is the general assembly that elects the board of directors and the members of the different committees. It was the board of directors that appointed the general manager. According to the general manager, he is given the exclusive power by the cooperative's by-laws to appoint the other employees of the cooperative. He is the overall supervisor of all the branches of the cooperative. Apart from the credit committee, election committee and audit and inventory committee, there are other two committees, the executive management committee and the complaint and grievance committee that are under the supervision of the general manager. There are no committees in the branches, except the management staff.

Each branch has its own branch manager. Under the branch manager is the senior center manager and under the senior center manager is a center manager. Each branch has its own cashier, teller, bookkeeper and posting clerk.

The different branches of TAM-AN Multipurpose Cooperative were as follows:

BRANCH	LOCATION	BRANCH	LOCATION
Branch 1	Banaue (main office)	Branch 6	Santiago City
Branch 2	Mayoyao	Branch 7	Maddela
Branch 3	Alfonso Lista	Branch 8	Diffun
Branch 4	Solano	Branch 9	Aritao
Branch 5	Bambang		



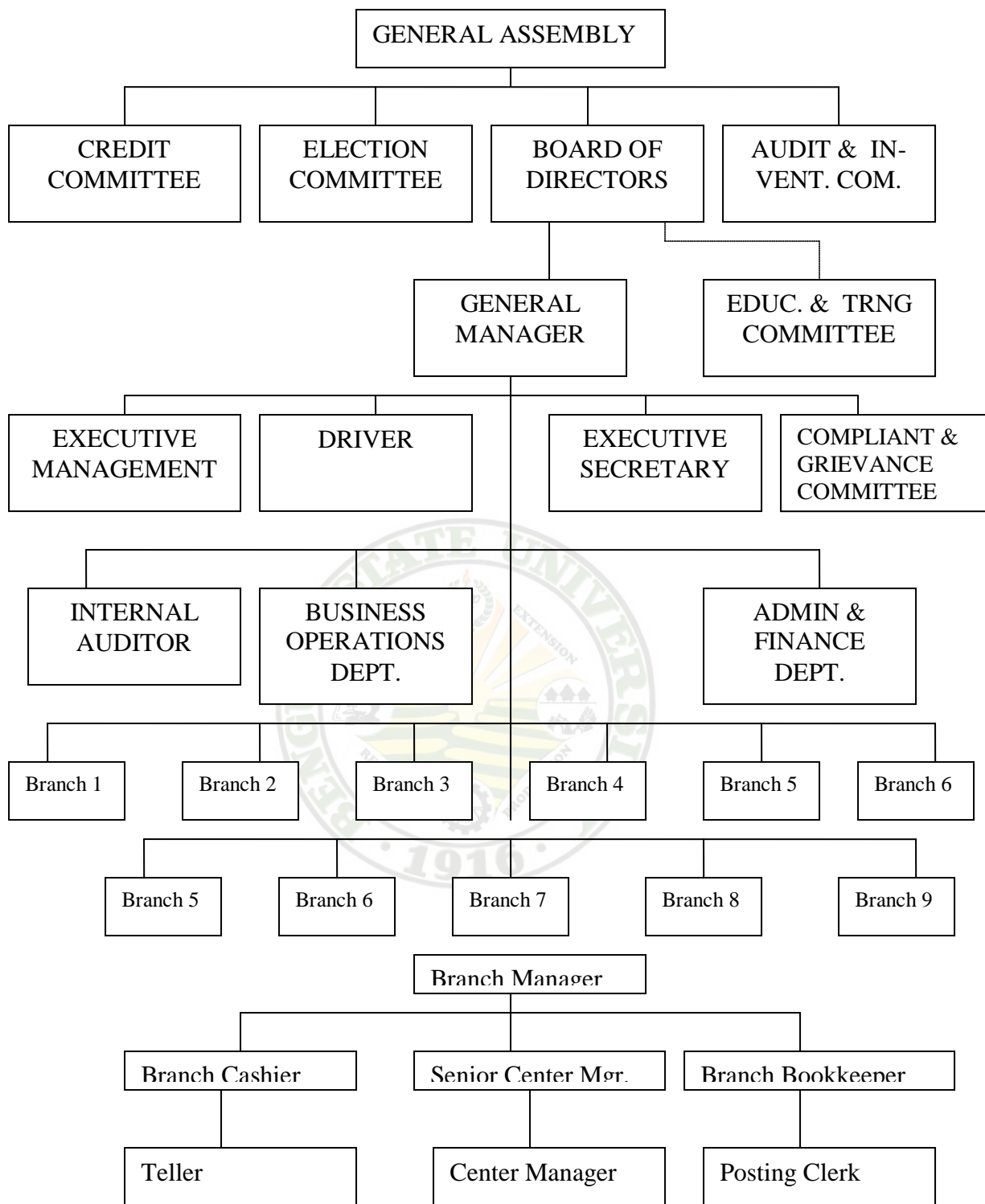


Figure. 1. Organizational Profile of TAM-AN Multipurpose Cooperative



SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The TAM-AN Multipurpose Cooperative has a unique set up because it is the only cooperative in the Cordillera Region that has many branches. This case study was therefore conducted to find out the growth rate in total membership, the operational status of the cooperative, its services offered, their sources of funds, and the strategies of the cooperative in managing its several branches.

This study was conducted at the main office in Banawe, Ifugao. Several interviews was done with the general manager and some staff of the cooperative. The financial information was provided by the internal auditor of the cooperative.

The cooperative have eleven branches located in different municipalities of Ifugao, Nueva Vizcaya, Quirino Province, and Santiago City. Its operation started in 1991 with just only 24 members. When it branched out to other places its members increased abruptly. From 2001 to 2004, its total members increased at an annual rate of 21%. The service offered by the cooperative was mainly credit with savings and time deposit in all its branches except, for the Bayombong branch that has a resort, named as the Banawe Resort. The newest service offered at the main office was the cable television network.

For the last four years fro 2001 to 2004, the total asset and the paid-up share capital of the cooperative had been increasing at an annual rate of 8.62% and 7.9%, respectively. The ratios of net surplus to total asset and to share capital however showed a



very low ratio which implies that the return to the member's investment in the cooperative was given a very low return.

The cooperative had a very effective strategy in encouraging people to join the cooperative as evidenced by its branching out to different areas. The different branches of the cooperative helped each other by sharing funds. The branch that has surplus fund can lend it to the branch that is deficit in fund.

In terms of hiring employees in the different branches of the cooperative, the general manager was given the authority to appoint employees.

The cooperative was having a problem on the delinquency of members in paying their loans. Thus, they instituted some measures to collect these past due loans. They either use barangay mediation or collection suit.

Conclusions

Based on the findings, the following conclusions were made:

1. The growth in total membership was very fast because of the effective strategy by the general manager.
2. The total asset and the total paid-up share capital of the cooperative had been increasing for the past years, however the financial ratios showed a very low return to asset and return to share capital.
3. The different branches of the cooperative were helping each other in times of financial need.
4. The general manager was given authority to appoint employees of the cooperative which is suppose to be the function of the board of directors.



5. The cooperative encountered problems on loan delinquency especially at the main branch and they are now under barangay mediation or collection suit to force the delinquent borrowers to pay.

Recommendations

1. The officers and the management staff should continue to educate the members so that they would not become delinquent. Besides, the cooperative should still help the delinquent members to generate income so that they could pay their loan.
2. A thorough financial analysis should be done per branch to assess which branch is performing well and which branch is financially problematic so that it could be given attention.
3. The strategy used by the cooperative to attract people to join the cooperative was effective but the management should do something to increase the return to members' equity so that they would be encourage to patronize and invest their money in the cooperative.
4. Hiring of employees in the cooperative should be the function of the board of directors and that it should not be delegated to the general manger alone.



EXHIBIT 1

Residence of Members in Each Branch

BRANCH	MUNICIPALITY	PROVINCE
Banaue Main Office	Banaue	Ifugao
	Hingyon	“
	Lagawe	“
	Kiangan	“
	Hungduan	“
	Tinoc	“
	Asipulo	“
Mayoyao Branch	Mayoyao	Ifugao
Alfonso Lista Branch	Alfonso Lista	Ifugao
	Aguinaldo	“
Solano Branch	Lamut	Ifugao
	Solano	Nueva Vizcaya
	Quezon	“
	Villa Berde	“
	Diadi	“
	Bagabag	“
	Bayombong	“
Bambang Branch	Kasibu	Nueva Vizcaya
	Bambang	“
	Dupax Norte	“
	Dupax Sur	“
Aritao Branch	Aritao	“
	Sta. Fe	“
	Kayapa	“
Santiago Branch	Santiago city	Santiago City
	Ramon	Isabela
	Cordon	“
	San Mateo	“
Maddela Branch	Maddela	Quirino
	Nagtipunan	“
	Aglipay	“



Diffun Branch	Diffun	Quirino
	Cabarruguis	“
	Saguday	“
	Dibibi	“



EXHIBIT 2

Types of Loan and its Policies

A. TYPES OF LOANS	
1. Productive Loans	
a. Agricultural loan	This is given out purely for agri-based projects.
b. Commercial loan	This loan is intended for business purposes.
d. Market vendor assistance program	This loan is intended to market vendors only.
2. Providential Loans	
a. Educational loan	
b. Hospitalization loan	
c. Small housing loan	This loan is provided for small house repairs or to augment the capital of a member-borrower to build a house.
c. Emergency loan	
B. TERMS OF LOANS	MONTHS
1. Agricultural loan	4
2. Commercial loan	12
3. Small housing loan	12
4. MVAP	3
5. Providential loan	2



C. MAXIMUM AMOUNT TO BE LOANED

The actual amount a member wishes to borrow is dependent upon his actual need. However, for purposes of equalizing and rationalizing the lending policies, a member can borrow under the following limitations.

1. Productive Loans

- a. A member can borrow an amount equal to his share capital or even lower.
In cases like this, the member-borrower needs not to have collateral except to have at least one witness and the approval of the manager.
- b. A member may borrow the capacity of 3 times of his share capital.
However, the cooperative may require collateral if the amount to borrow will exceed to P5,000.

2. Providential Loans

On the first application of loan, the amount to be borrowed under this type of loan is from a minimum of P100 to a maximum of P5,000 wherein collateral is not required.

D. INTEREST RATE FOR EACH TYPE OF LOANS

TYPE OF LOAN	INT.	SERVICE	LRF
1. Agriculture	12%	2%	1%
2. Commercial	15%	4%	1%
3. Small Housing	18%	4%	1%
4. MVAP	19%	4%	1%
5. Providential	2%	1%	1%

Add-on charges - 2% penalty is charged for amortization or installment not paid on time.



E. QUALIFICATIONS IN BORROWING

Who may avail of loans:

1. A member who have at least paid his minimum financial obligation and have undertaken one pre-membership seminar.
2. A member in good standing in paying loans and follows and observes rules, policies, and practice of the cooperative.
3. A member of good moral character.
4. A member who has a permanent residence in the province of its area of operation.
5. A member who have no civil or criminal case filed against him.

F. REQUIREMENTS ON LOAN APPLICATION

1. Purpose of the loan
2. Availability of funds
3. Completion of application forms
4. Submission of required documents to support such loans
5. Inspection report of loan officer and other staff concerning borrower and actual loan need and status of collateral offered and project undertaken
6. Endorsement of manager
7. Signature of at least two co-members
8. Marital consent for married members
9. Approval of approving officers



EXHIBIT 3

Fees at Banaue Mountain Resort

1. ENTRANCE AND POOL FEES

CLASSIFICATION	ENTRANCE FEE	POOL FEE
Children	15	15
Adult	25	25

2. COTTAGE FEES

KIND	RENTAL FEE
Round	100
Double long	150
Triple long	180

3. CONFERENCE HALL FEES

TYPE	RENTAL FEE PER 24 HRS
Mini-conference	500
Conference	1,500

4. HOTEL FEES

STANDARD ROOM	OVERNIGHT FEES
Single bed	350
Double bed	400
Triple bed	450
AIRCONDITION ROOMS	500



EXHIBIT 4

Functions of Management Staff

POSITION	ORGANIZATIONAL RELATIONSHIP	JOB SPECIFICATION	SCOPE OF RESPONSIBILITY	FUNCTIONS AND DUTIES
1. Branch Manager	Reports to: Gen. Mgr. Supervises: Bookkeeper Cashier Senior Center Mgr.	-Graduate of four-year course - Working knowledge with coop operational policies and procedures - At least 2 years experience in a supervisory work - Possesses leadership potentials to work harmoniously with other people	As a key employee and representative of the Gen. manager in the area, he/she shall see to it that the problems in the branch are well attended. H/she shall conduct the operations of the branch in accordance with the coop's existing policies, procedures & practices.	-Supervises the operational activities of the branch through maintaining protective measures against malpractices and other acts of employees in the branch. - Supervises the activities of his subordinates in conformity with the generally accepted coop policies and procedures - Recommends policies and procedures to improve the financial and operational activities of the branch. - Assist the general manager by implementing coop policies and procedures correctly. -Regularly reports to the general manager and the BOD on the results of operations of the branch under him/her. -Assist in the preparation of annual budget. -Performs other duties as maybe assigned from time to time.
2. Admin. And	Reports to: Gen.	-commerce graduate	Responsible in the	- Develops procedures to be used in



Finance Dept. Head	Mgr.	<p>major in Accounting, preferably a CPA -two years progressive responsible experience that must have provided familiarity w/ mgt. principles, methods and techniques. - A working knowledge I finance mgt., accounting and bookkeeping. -possesses leadership potential to work harmoniously with other people</p>	<p>development and maintenance of an effective accounting system as well as the preparation of financial reports for the general manager and the board of directors. - Responsible for the carrying out of programs, plans, and policies as prescribed by the cooperative</p>	<p>establishing and maintaining an accurate and systematic accounting of financial transactions.</p> <ul style="list-style-type: none"> -Prepares monthly consolidated financial statement and other statistical reports required by various users and advises the GM on the financial status of the coop. - Prepares the coop's budget for planning and programming and prepares supporting justifications and explanations for such budget proposals -Monitors the monthly disbursements of the coop in accordance w/ the approve budget. - Plans and prepares programs for personnel administration and management which normally includes recruitment, training, classifications, administration, and personnel record keeping. - Advise employees on personnel policies, practices and problems. -recommends techniques and procedures for making appraisals and evaluation of work performance. -Supervises the preparation of actions on appointments, leaves, transfers, resignations, retirement, separation,
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				<p>promotion, salary adjustments and other personnel benefits and services.</p> <p>-Performs other duties and functions as maybe assigned from time to time</p>
3.Center Manager	<p>Reports to: Senior Center Manager</p>	<ul style="list-style-type: none"> - College level - Ability to work with figures - Competent in handling collection of Loans Receivable. - Ability to provide for fidelity bond required by the coop. - Ability to ride a motorcycle (if this is applicable) 	<p>- The center manager is one of the most visible employees of the cooperative and his understanding of the cooperative's program will be transmitted to the members along his route according to his knowledge of the program. His actions and attitude will be interpreted as representing the cooperative. It is important therefore that the center manager be knowledgeable, courteous and responsible to the members.</p>	<ul style="list-style-type: none"> - Helps in the identification of target groups. - Validates applicants' credit information sheet and collateral/existing business and prepares corresponding report thereof. - Makes collections on the basis of schedules prepared by the senior center manager and issues corresponding receipts for payments received. - Summarizes collection and submits the summary and cash to the Cashier upon returning to the office. - Personally follow-up collection of delinquent members. - Reports change of address of members to senior center manager. - Other official duties as maybe assigned to him/her from time to time.
			<p>- As collector, he/she is responsible for the collection of amount due from members and the follow up of delinquent</p>	



			accounts.	
4. Teller	Reports to : Cashier	<ul style="list-style-type: none"> - College level - Ability to operate office machines. - Ability to put bond as required by the coop. - Ability to meet the public in a courteous and cheerful manner. - Honest and trustworthy. 	<ul style="list-style-type: none"> - Responsible and accountable for the payments received in the form of cash and/ or check. 	<ul style="list-style-type: none"> - Receives payments and issues corresponding receipts - Prepares daily collection report - Remits daily collection to cashier. - Performs other functions and duties as may be assigned from time to time.
5. Branch Bookkeeper	Reports to : Branch Manager Supervises; Posting Clerks	<ul style="list-style-type: none"> - BS Accountancy or BSC Major in Accounting graduate. - At least one (1) year experience in bookkeeping works. - Ability to work accurately with figures. - Ability to operate office equipments. - With basic knowledge in coop accounting. 	Responsible for the maintenance of accounting records and the development of financial reports and analysis that are required by the coop and other parties.	<ul style="list-style-type: none"> - Maintain accounting records in clear and concise form, making it available as ready reference for the efficient operation of the coop. - Check all requests for payments and prepares the corresponding vouchers ensuring that all pertinent documents are attached. - Chronologically arranges and files all invoices and vouchers for convenient reference and support of accounting records. - Enter all financial transactions to the correct register. - Prepares journal voucher, posts to and maintain general journal register. - Post all entries from the different register to the general ledgers. - Prepares monthly trial balance and



				<p>financial statements.</p> <ul style="list-style-type: none"> - Prepares monthly bank reconciliation. - Prepares schedules of accounts receivables, office properties and equipments and accounts payables. - Makes schedule for the preparation of payroll and other coop obligations as they fall due. - Performs other duties as maybe required from time to time.
6. Senior Center Manager	<p>Reports to: Branch Manager Supervises: Center Manager</p>	<ul style="list-style-type: none"> - Graduate of any four (4) year course - At least two (2) years experience in related job. - Adequate knowledge of the cooperative's loan and collection procedures and policies. - Possesses leadership potentials to work harmoniously with different groups of people. - Must have the ability to speak/write effective English and in the dialect used in the area. 	<ul style="list-style-type: none"> - Responsible in the implementation and promotion of the lending programs of the cooperative. 	<ul style="list-style-type: none"> - Supervises center managers in the identification of target groups. - Assist the Education Committee in the developing and implementation of training programs. - Checks and verifies all recommended loan application. - Prepares the request for payment of all approved loan applications. - Maintains a schedule of loan collection. - Prepares reports and analysis of loans receivable status. - Recommends strategies on loan collection. - Coordinates with other groups of people to promote goodwill of the coop and ensure greater participation and involvement of members in coop affairs. - Performs other duties and functions as



				may be assigned from time to time.
7. Branch Cashier	Reports to : Branch Manager Supervises: Tellers, Sales Clerks, Information Clerks	<ul style="list-style-type: none"> - Commerce graduate preferably with experience in cash handling. - Ability to operate office machines. - Ability to provide fidelity bond as required by the coop. - Ability to meet the public in a courteous and cheerful manner. -Honest and trustworthy. 	<ul style="list-style-type: none"> - Responsible for the receipt and accounting of all accounting receipts, deposits of funds and reconciliation of the coop's cash account. 	<ul style="list-style-type: none"> - Receives payments and issues corresponding receipts. - Checks, verify, and reconcile the daily cash collection reports of collectors, sales clerks and information clerks. - Prepares daily reports of collections and disbursements. - Prepares daily cash position reports. - Reconciles daily with the bookkeeper and prepares bank deposits. - Maintains control of the petty cash fund. - Performs other duties as maybe assigned from time to time.
8. Business Operations Department Head	Reports to: General Manager	<ul style="list-style-type: none"> - Graduate of any four year course. - At least three (3) years responsible experience in cooperative lending programs and marketing strategies. - A working knowledge in financial management. - Possesses leadership potential to work harmoniously with other people. 	<ul style="list-style-type: none"> - Responsible in the implementation of lending programs such as the Poverty Eradication Program and Market Vendors Assistance Program as well as the development and implementation of fund generation programs. 	<ul style="list-style-type: none"> - Supervises the implementation of lending programs and ensure the strict adherence to all credit policies and regulations. - Designs and supervises the conduct of trainings. - Recommends to the General Manager prospective business expansion programs after the conduct of a thorough survey, environmental scanning and profiling. - Review, evaluate and recommend approval of loans. - Conduct regular group and center assessment and evaluation so as to



				<p>provide the required intervention strategies and appropriate recommendations.</p> <ul style="list-style-type: none"> - Supervises the preparation of monitoring reports such as the weekly cash position reports and weekly fund generation and disposal report. - Performs other duties as maybe assigned from time to time.
9. Internal Auditor	Report to : General Manager	<ul style="list-style-type: none"> -An Accounting graduate preferably a CPA. -Has thorough knowledge in general and coop accounting including financial accounting or management, budget planning and internal controls. - Must have at least three (3) years experience in accounting and two (2) years in auditing works - Ability to evaluate and design effective internal controls. - Able to analyze performance indicators, 	<ul style="list-style-type: none"> - The Internal Auditor, as a member of the management staff is responsible in providing the necessary information and data on financial operations, trends and controls that will guide management in setting-up objectives and managerial decisions. 	<ul style="list-style-type: none"> - Reviews and evaluates the soundness, adequacy and application of accounting and other operating controls and makes reports and recommendations for deficiencies found. - Assists management in financial forecasting and long range planning affecting financial operations. - Analyzes revenue and expense accounts and informs management on significant changes and deviations from operational budgets and standards based on the consolidated report. - Ascertain that the financial transactions are properly documented and in accordance with established policies and that cash are properly handled, remitted, deposited and recorded. - Recommends management policies and procedures relative to an effective



		trends and ratios.		internal control on safeguarding of the coop's assets. - Evolves a program on audit system. -Performs other duties as maybe assigned from time to time.
10. Executive Secretary	Reports to : General Manager	<ul style="list-style-type: none"> - BSSA Graduate or any related four-year course. - Proficient in English either written or oral. - Ability to keep confidential information and works. - Ability to efficiently produce neat and correct works. 	- This is a sensitive and key position in the cooperative because the secretary often represents the cooperative to other people when performing his/her functions.	<ul style="list-style-type: none"> - The secretary schedules and takes notes of all official functions of the General Manager within a day, a week or a month as the case maybe. He/she prepares draft of reports on activities for the GM's review. - As directed, prepares notices of meetings, takes down minutes and maintains file of all policies, minutes and resolutions. - Receives, routes and files correspondence, reports and documents. - Screens and attends to visitors, makes appointments and refers visitors to proper parties and provides them with needed information. - Performs other duties and responsibilities as maybe assigned from time to time.
11. Driver	Reports to : General Manager	<ul style="list-style-type: none"> - High school graduate or vocational course graduate. - Five (5) years experience in driving and maintaining 	Is responsible for the driving and care of vehicles of the cooperative. He is to maintain the vehicle in good operating condition.	<ul style="list-style-type: none"> - Check the vehicle to be sure that it is adequately supplied with gasoline, oil, water and air pressure before a trip. - Keeps vehicle washed, cleaned and tidy. - Fills up daily trip tickets and reports



		<p>vehicles.</p> <ul style="list-style-type: none"> - With professional driver's license. - Ability to do minor vehicle tune-ups and repair works. - Of good moral character. 		<p>accidents and other irregularities during trips.</p> <ul style="list-style-type: none"> - Makes minor repairs and tune-ups. - Sees to it that vehicle is subjected to routine check-ups and that the maintenance schedule is followed. - Performs other duties as maybe assigned from time to time.
12. Posting Clerk	Reports to: Bookkeeper	<ul style="list-style-type: none"> - BSC graduate - Ability to operate office machines and maintains neat and accurate works. - Ability to analyze records and able to work accurately with figures. - At least one (1) year experience in accounting works. 	<ul style="list-style-type: none"> - Responsible in maintaining neat and accurate members' subsidiary ledgers. 	<ul style="list-style-type: none"> - Maintains members' subsidiary ledgers. - Post all receipts and disbursements of members' loans of whatever kind. - Conducts daily reconciliation of subsidiary ledgers with the cashier's records. - Conducts monthly reconciliation of subsidiary ledgers to bookkeeper's records. - Prepares aging of loans receivable. - Performs other duties as maybe assigned from time to time.

