

[Act No. 2566, February 03, 1916]

AN ACT AMENDING ACT NUMBERED TWENTY-FIVE HUNDRED AND EIGHT, ENTITLED "AN ACT REGULATING THE CREATION AND OPERATION OF 'RURAL AGRICULTURAL COOPERATIVE ASSOCIATIONS,' AND FOR OTHER PURPOSES."

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION 1. Section twenty-seven of Act Numbered Twenty-five hundred and eight, is hereby amended to read as follows:

"SEC. 27. The reserve fund shall consist of a sum set aside by the board of directors from the net profits at each annual balance prior to the distribution of any dividend, which sum shall not be less than twenty per centum of said net profits. As soon as the reserve fund shall be equal to fifty per centum of the paid-up capital stock, the accumulation of the sum set aside from the net profits may be suspended; but it shall be renewed as soon as it shall fall below said fifty per centum.

"The reserve fund may be invested in securities or investments to be recommended by the Director of Agriculture and approved by the Secretary of Public Instruction and shall be expended only for covering the deficits of the association."

SEC. 2. Section thirty-three of said Act is hereby amended to read as follows:

"SEC. 33. Immediately after their election and each year thereafter upon a date to be fixed by the by-laws, the directors shall elect from amongst themselves a president and a secretary and shall appoint such other officers as the by-laws may prescribe, the treasurer of the municipality where the association is located to act as ex officio treasurer of the association without additional compensation. The treasurer of the association shall not be eligible for election as a member of the board of directors. The directors and officers shall perform the duties intrusted to them by law or by the by-laws. A majority of the directors shall constitute a quorum for the transaction of the corporate business of the association, and every resolution of the majority of the quorum duly assembled in a meeting, shall be valid as a corporate act: *Provided*, That no loan shall be made except by affirmative vote of at least three members of the board."

SEC. 3. Subsections (e) and (n) of section thirty-eight of said Act are hereby amended to read as follows:

"(e) Form of appointment, term of office, resignation, removal, substitution, duties, and rights of the directors."

"(n) Dissolution and liquidation of the association, persons empowered to effect the same, manner of proceeding thereto, and application of the funds on hand upon such liquidation.