**MEMORANDUM OF AGREEMENT**

This AGREEMENT entered into and executed this \_\_\_\_ day of\_\_\_\_ 2025 at \_\_\_\_\_\_\_\_\_\_\_, by and among the following:

**PROVINCIAL/ CITY GOVERNMENT OF** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a local government unit duly existing within the territory and jurisdiction of the Republic of the Philippines with principal office address at \_\_\_\_\_\_\_\_\_\_\_\_\_ represented by its \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**LAND BANK OF THE PHILIPPINES,** a government financial institution duly organized and existing under and by virtue of the provisions of R.A. No. 3844, as amended with principal address at 1598 M. H. del Pilar corner Dr. J. Quintos Streets, Malate, Manila represented herein by its Lending Center Head, \_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as “LBP”;

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** a primary cooperative /federation, represented by its Chairperson/ General Manager, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with CDA Registration No. \_\_\_\_\_\_\_ with principal office at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter collectively referred to as the “Cooperatives”.

**WITNESSETH:**

**WHEREAS,** it is essential that the establishment, expansion and refinancing of small and medium-sized industrial, agro-industrial, agri-business and other enterprises be encouraged to generate more economic stimulus in every province/ City of the country;

**WHEREAS,** the business enterprises and agricultural producers or product processors commonly referred to as Micro, Small and Medium Enterprises (MSMEs) continue to provide employment to a great number of Filipinos;

**WHEREAS,** both the executive branches of the government, and the local government units, have taken measures to create an environment that is conducive to the growth of MSMEs;

**WHEREAS,** there is a need to encourage banks to provide adequate financing to MSMEs in a manner that will not compromise the safety of funds deposited with them by the banking public;

**WHEREAS,** there are well-capitalized and well-managed cooperatives operating in the City/ Province of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the membership of which includes the owners or proprietors of, or investors in MSMEs;

**WHEREAS,** said Cooperatives in the province/ city government are strategically positioned to provide MSMEs with credit enhancement support so that banks may be encouraged to accelerate the flow of credit to the countryside towards a balanced and sustainable growth of the economy;

**WHEREAS,** the LBP support this program as a means of achieving the mandate of economic development in the countryside, and desire to be among the fund providers;

**WHEREAS,** the City /Provincial Government of \_\_\_\_\_\_\_\_, in coordination with the other concerned entities, agrees to develop and implement within the shortest possible time a capacity-building program that will enhance, among other things, the managerial, marketing, financial, accounting and credit or debt management skills of MSMEs;

**NOW, THEREFORE,** for in consideration of the foregoing premises, the parties hereby agree as follows:

**Article I- Credit Surety Fund**

The Cooperatives, the City/Provincial government of \_\_\_\_\_\_\_\_\_\_\_\_and Land Bank of the Philippines (LBP) shall create a trust fund to be known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Credit Surety Fund, which shall consist of all funds contributed, herein under Article II, as well as the earnings thereof. The \_\_\_\_\_\_\_\_\_\_\_\_\_ CSF Cooperative shall primarily provide surety cover for MSMEs’ loans or credit facilities obtained from banks by any of the Cooperatives, or by its members.

**Article II- Contributions**

1. The Cooperatives shall contribute to the\_\_\_\_\_\_\_\_\_\_ CSF Cooperative the amounts indicated below which shall be deposited temporarily with the \_\_\_\_\_\_\_\_\_\_\_\_ Bank until a trustee bank has been designated by the Oversight Committee:

Name of Cooperative / NGO Contribution

1.1 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_

1.2 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_

1.3 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_

1.4 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_

1.5 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_

The cooperatives shall make additional contributions to the \_\_\_\_\_\_\_ CSF Cooperative, in accordance with such rules or guidelines as will be promulgated by the Oversight Committee to be created hereunder.

2. The City/Provincial Government of \_\_\_\_\_\_\_\_\_\_\_\_ shall make an initial counterpart contribution to the \_\_\_\_\_\_\_\_\_\_\_\_\_ CSF Cooperative in the amount of \_\_\_\_\_\_\_\_\_ (xxxxxx). The City/Provincial Government of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ likewise increase its contributions to the \_\_\_\_\_\_\_\_ CSF Cooperative subject to the availability of funds for appropriation.

3. The LBP shall make a counterpart contribution to the \_\_\_\_\_\_\_\_\_\_ CSF Cooperative.

 **Article III. Membership**

 Beneficial ownership shall be vested in the Cooperatives, the City/Provincial Government of \_\_\_\_\_\_\_\_\_, LBP and other entities which remit contributions in proportion to the amount so contributed as members.

 **Article IV. Meetings**

1. The members shall hold annual general membership meetings every \_\_\_\_\_\_\_\_of \_\_\_\_\_\_\_\_of each year. Provided, that written notice of the annual general membership meetings shall be sent to all members of record at least one (1) week prior to the meeting. Special meetings shall be held at any time deemed necessary upon the call of the Oversight Committee or of the majority of the members on record. Provided that at least one (1) week written notice shall be sent to all members.

Attendance to any of the meetings stated above may be waived, expressly or impliedly, by any member.

1. The presence of at least the majority of the members shall constitute a quorum at any meeting, and every decision of at least a majority of the members present at a meeting at which there is a quorum shall be valid.
2. Each member shall designate, in writing, one of its incumbent officials as its authorized representative and alternate who shall attend the general and /or special meetings.

4. Each member’s authorized representative shall perform his or her functions as such until a

 new representative is properly designated in writing by the member.

5 The members shall hereafter formulate rules and regulations defining its specific powers and duties.

**Article V. Oversight Committee**

 1. Within thirty (30) days after the signing of this Agreement, the members’ authorized representatives shall meet to constitute an Oversight Committee composed of \_\_\_\_\_\_\_\_ (no. of members) consisting of:

(i) the authorized representative of the City/Provincial Government of \_\_\_\_\_\_\_\_\_\_\_, as ex-officio member; and

(ii) \_\_\_\_\_\_ (no. of members) authorized representatives who shall be elected by all the members, following the cooperative principle of one-man, one-vote.

2. The term of office of the \_\_\_\_\_\_\_\_\_\_\_ (number) elected members of the Oversight Committee shall be two years commencing from the date of their election subject to re-election. *Provided that* in the first election, the first \_\_\_\_\_\_ (number) winning candidates garnering the highest number of votes shall serve a full term of two (2) years, while the next \_\_\_\_\_\_\_\_ (number) winning candidates shall serve only for one (1) year.

3. If a member of the Oversight Committee resigns, dies, becomes incapacitated, or otherwise has become unable to properly discharge his/her functions, a special meeting shall be called by the chairman of the Oversight Committee, within thirty (30) days from the date of vacancy, to elect a new member who shall serve only for the unexpired term of his predecessor in office: Provided that no election shall be held if the vacancy occurs less than three (3) months prior to the expiration of the vacating member’s term of office, and provided further, that a quorum can still be obtained. Otherwise, a special meeting of the general membership of the\_\_\_\_\_\_\_\_\_\_ shall be called to elect the member to fill-up the vacancy.

4.Within thirty (30) days from the constitution of the Oversight Committee it shall convene to elect its Chairman and Vice Chairman.

**Article VI. Meeting of the Oversight Committee**

The Oversight Committee shall hold regular meeting at least once a month. The Chairman, upon written request of at least majority of the members, may call at any time a special meeting. The presence of at least the majority members shall constitute a quorum for the transaction of its business.

Every decision of at least a majority of the members in quorum and the LGU who is an ex-officio member shall be valid.

**Article VII. Powers and Duties of the Oversight Committee**

1. In general, the Oversight Committee is responsible for the proper administration and

 management of the \_\_\_\_\_\_\_\_\_ CSF Cooperative. The Oversight Committee shall:

a. Determine and formulate the general policies and guidelines on the proper administration and management and authorize its investments, reinvestment, and disposition;

b. Act as the Administrator, until such time that a Trustee Bank is designated or appointed;

c. Designate a bank duly licensed by the BSP to perform trust and other fiduciary functions as trustee bank/ investment manager as provided under Republic Act No. 8791, otherwise known as the General Banking Law of 2000;

d. Promulgate such rules and guidelines governing the infusion of additional contributions and the admission of new member cooperatives;

e. Enter into contracts and transactions involving, affecting or relating to the \_\_\_\_\_\_ CSF Cooperative, including, but not limited to the issuance of a letter of joint suretyship in favor of creditor banks pursuant to Article IX hereof;

f. Be responsible for taking appropriate action on the audit of the financial condition and operations;

g. Periodically review the assets, as well as its investment, reinvestment and disposition;

h. Create committees and appoint other officers as it deems necessary;

i. Delegate to the Chairman, Vice-Chairman, or any member of the Oversight Committee, any of its powers whenever deemed necessary for the best interest of the \_\_\_\_\_\_\_ CSF Cooperative and as allowed by law;

j. Exercise general supervision of all the affairs including the issuance of policies, rules, and regulations governing the operations and shall be directly accountable to its general membership; and

k. Perform such acts and exercise such powers and duties as may be necessary and proper in order to achieve the purpose for which the \_\_\_\_\_\_\_\_ CSF Cooperative was created or for any purpose which will redound to the benefit of the members as well as any acts necessary or incidental to achieve the foregoing purposes.

2. The Chairman shall have the following powers and duties:

a. Preside at all meetings of the Oversight Committee;

b. Exercise general supervision as he may deem necessary to determine whether the resolutions, orders or directives of the Oversight Committee and any of its authorized committees have been carried out; and

c. Exercise such other powers and perform such other duties as the Oversight Committee from time to time, fix or delegate.

3. The Oversight Committee shall observe good governance and risk management practices and shall organize technical and support staff which may be composed of full-time employees or employees of contributing members under full-time, part-time, or concurrent secondment. Provided, however, that the remuneration of employees of contributing members assigned to the technical and support staff shall be in the form of allowance, honorarium or per diem as will be fixed by the Oversight Committee.

**Article VIII- Trustee Bank**

1. The Oversight Committee shall designate a bank duly authorized by the BSP to engage in trust and other fiduciary business under R.A. No. 8791, otherwise known as *The* *General Banking Law of 2000,* to be the trustee/ investment manager or administrator of the funds and assets of the \_\_\_\_\_\_\_\_\_CSF Cooperative. Provided that the annual trust fee of the administrator shall not exceed one (1) percent of the average end-of-month total assets of the \_\_\_\_\_\_\_\_\_\_\_\_\_CSF Cooperative.

2. The terms and conditions of any agreement to be entered into by the Oversight Committee and a trustee bank pursuant to the preceding paragraph shall be embodied in a separate agreement.

**Article IX- Letter of Joint Suretyship**

1. To enhance the creditworthiness of the MSMEs’ loans or credit facility obtained from banks by any of the cooperatives, or by its member, the Oversight Committee shall issue in favor of the creditor bank a letter of joint suretyship to secure payment of the MSME loan or credit facility obtained by the above-mentioned borrower-cooperative, as the case may be.

2. The letter of the joint suretyship shall not be issued unless the concerned MSME has met the following requirements:

 a. The MSME meets the minimum net worth required by the Oversight Committee;

 b. The MSME has been registered with the DTI, Cooperative Development

 Authority, Securities and Exchange Commission or other government agencies;

 obtained the necessary business permit/s from the appropriate local government

 unit; and has complied with the requirements of the Bureau of Internal Revenue

 with respect to the maintenance of books of accounts, filing and payment of the

 income and business taxes;

 c. The MSME has a business plan that defines, among other things, its growth and/ or expansion plans;

 d. The MSME is in existence and has been compliant with item (b) above for at

 least one (1) year; and

 e. The MSME or its owner, proprietor or must not have been convicted of crimes

 involving moral turpitude such as Estafa, malversation, falsification, non-payment of just

debt and violation of Batas Pambansa Blg. 22, otherwise known as the *Bouncing Checks Law,* nor with pending criminal cases involving said offenses.

 The Oversight Committee may issue rules or regulations prescribing additional requirements for the issuance of the letter of joint suretyship as it may deem necessary or remove/ waive any of the requirements or restrictions enumerated in paragraph 23 of this Agreement to protect the interest of the members.

**Article X- Admission of a New Member**

 The admission of a new member shall be approved by the Oversight Committee under such terms and conditions as it may prescribe.

**Article XI- Withdrawal by the Member**

 A member may, for any reason, withdraw anytime from the \_\_\_\_\_\_\_\_ CSF Cooperative and its contributions thereto subject to such reasonable terms and conditions as shall be imposed by the Oversight Committee taking into consideration, among others, the liquidity and the interests of the creditors including the withdrawing member’s outstanding obligations on account of the joint suretyship issued.

**Article XII- Dissolution**

 The dissolution of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ CSF Cooperative shall be affected by a majority vote of the members of the Oversight Committee, and confirmed by 2/3 vote of all the members. The Oversight Committee shall thereafter constitute itself as liquidator and distribute the assets for the benefit of the members, creditors, and other persons in interest in accordance with law. The debts shall be paid in accordance with the rules on concurrence and preference of credit as provided under the Civil Code and relevant laws.

**Article XIII- Amendment**

 Any provision or matter stated in this Agreement may be amended by the vote of at least a majority of the members of the Oversight Committee, and confirmed by at least 2/3 vote of all the members.

**Article XIV- Miscellaneous**

 1. This agreement does not create a debtor-creditor relationship between the parties, and all monies, funds, assets or securities that are not covered by the Philippine Deposit Insurance Corporation (PDIC). Losses, if any, which are not due to the Oversight Committee’s and trustee bank’s willful misconduct, gross negligence, or fraud or the failure to exercise the skill, care, prudence, and diligence required by law, shall be for the sole account and risk of the members.

 2. Banks with lending operations in the City/Province\_\_\_\_\_\_\_\_\_\_\_\_\_ CSF Cooperative that qualify for rediscounting under the rules and regulations of the BSP are deemed qualified to participate in this program upon registration unless subsequently disqualified by the Oversight Committee.

 3. The members of the Oversight Committee, or any of the contributors, fund providers, or investors shall not interfere with the selection by the MSME of the bank from which it will obtain a loan.

 4. Nothing provided for in this Agreement shall preclude the members from converting the \_\_\_\_\_\_\_\_\_\_\_\_CSF Cooperative to a more formal corporate body to carry out the purposes for which this Agreement was entered into.

 5. Unless this Agreement is modified or amended by the parties subsequently in writing, this Agreement and the policies, rules and regulations issued in accordance with this Agreement shall be considered as the complete repository of all the terms of the agreement between the parties and, therefore, there can be, as between them, no evidence of the terms of the agreement other than the contents of this Agreement and the policies, rules and regulations issued in accordance with this Agreement.

 6. If, for any reason, any part of this agreement is found to be invalid, contrary to law or otherwise rendered ineffective, the remainder hereof not affected shall remain in full force and effect.

 7. This Agreement takes effect immediately upon signing and shall continue to be in full force and effect until revoked, modified, or amended accordingly.

 IN WITNESS WHEREOF, the parties hereunder set their hands on the date and place first above written.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **City/ Provincial Government of Land Bank of the Philippines**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Member- Cooperatives Member- Cooperatives**

**Chairman\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Chairman\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Member- Cooperatives Member- Cooperatives**

**Chairman\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Chairman\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Member- Cooperatives Member- Cooperatives**

**Chairman\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Chairman\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Member- Cooperatives**

**Chairman \_\_\_\_\_\_\_\_\_\_\_\_\_**

**SIGNED IN THE PRESENCE OF:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

DirectorCDA Regional Office Bangko Sentral ng Pilipinas

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PCDO/ CCDO Representative