

**“Federación de Asociaciones y Cooperativas de Ahorro y
Crédito y Servicios Múltiples afines de El Salvador de
Responsabilidad Limitada”**

“FEDECRECE DE R.L”

STATUTES

The undersigned Secretary of the Council of known in Spanish by “Federación de Asociaciones y Cooperativas de Ahorro y Crédito y Servicios Múltiples afines de El Salvador de Responsabilidad Limitada” notifies that this Act really says:

Act number eighteen. At the Auditorium of known in Spanish by “CACTIUSA R.L”, located on the fifth November Street, number one hundred forty four Barrio San Miguelito, of the area of San Salvador, at eight hours with thirty minutes of the first day of the month of December of the year two thousand and twelve, being these place, date and hour agreed to gather the Extraordinary General Assembly of Delegates of known in Spanish by “Federación de Asociaciones y Cooperativas de Ahorro y Crédito y Servicios Múltiples afines de El Salvador de Responsabilidad Limitada” with the attendees at the first call and first hour. It was preceded to its development with the assistance at the start of nineteen Delegates. There were the members of the Board of Directors:

Ricardo Paz, President

José Roberto Blanco, Vice President

Gloria de Gámez, Secretary

Guillermo Ruano, Treasurer

Jorge Alberto Martínez, Member

Juana Delmy Álvarez de Díaz, First Alternate

Mario Adalberto Lopez, Third Alternate,

Accompanied by adhonorem General Manager Victor Raul Delgado, as well as there were Supervision Committee Members

Gladis de Martínez, President

Miguel Ángel Sanabria, Secretary

Carlos Alberto Vanegas, Alternate

And the respective Delegate of known in Spanish “Instituto Salvadoreño de Fomento Cooperativo” abbreviated “INSAFOCOOP” to verify during the development of the Assembly all the relevant legal provision fulfil. The agenda will be developed the following:

First: Quorum Check

Second: Establishment of Voting System

Third: Reading and approving or amending the previous Welcoming Act

Fourth: Statute Reform

Fifth: Closing

The President welcomed all the concurrence and proceeded to give reading a subscribed note by INSAFOCOOP, in which it appoints the respective Delegate. Thereupon the agenda was developed in the following way: First: Check the Quorum. It was proceeded to check the Quorum confirming that there was the necessary required by the Law to proceed to the Opening of General Assembly. Second: Establishment of Voting System, the President submitted to consideration the voting system by showing of hands, the system was approved unanimously in all its parts. Fourth: The Reformed Statutes were out, after being widely discussed, they were unanimously approved, considering to adhere to the Cooperative Association General Law and its Regulations, as well as to the needs of Federation of Cooperative Associations, They are the following:

TITLE I

NATURE OF THE FIRM AND NAME

Art. 1 The Federation is constituted under the Limited Liability Regimes of Variable Capital and unlimited number of affiliates, which is named in Spanish is “Federación de Asociaciones y Cooperativas de Ahorro y Crédito y Servicios Múltiples afines de El Salvador de Responsabilidad Limitada”, is abbreviated “FEDECRECE DE R.L” and in these Statutes shall name “The Federation”.

Art. 2 In the text of these Statutes shall use the following names:

- a) General Law: Cooperative Association General Law
- b) Regulation: Regulation of Cooperative Associations General Law
- c) “INSAFOCOOP”: known in Spanish “Instituto Salvadoreño de Fomento Cooperativo”
- d) Confederation: Known in Spanish “Organización Integrada por Federaciones de Cooperativas”
- e) Assembly: General Assembly of Associates or Delegates
- f) Board: Board of Directors
- g) Committee: Committee of Collaborators
- h) TIN: Tax Identification Number
- i) VAT: Law of Property Transfer tax and tax on Services
- j) UIN: Unique ID Number

CHAPTER II

LEGAL DOMICILE AND MAIN ACTIVITY

Art. 3 The Federation is salvadorean and it shall have its legal domicile in San Salvador City, in the state of San Salvador, being able to stablish branches throughout the national territory prior agreement of the General Assembly

Art. 4 The main activity of The Federation is the savings and credit

CHAPTER III

PERIOD

Art. 5 The duration of The Federation shall be indefinite period; however it may be dissolved and liquated in any of foreseen cases by the General Law and its Regulations and Statutes

CHAPTER IV

PRINCIPLES AND OBJECTIVES

Art. 6 The Federation must adhere to the following Cooperative Principles:

- a) Open and Voluntary membership
- b) Democratic control of its members
- c) Economic participation of its members
- d) Autonomy and independence
- e) Education, training and information
- f) Cooperation among Cooperatives
- g) Commitment to the Community

Art. 7 The fundamental objectives of The Federation are:

- a) The social and economic integration of the Cooperative Association, especially those savings and credit Associations
- b) Represent Federated Cooperative Associations in defending their interests
- c) Perfecting and execute an educational system, credit, consultancy and technical assistance that maximizes the Cooperative conscience that allows the economic growth and social development of the affiliated Cooperatives
- d) Stimulate according to its resources, the organization, affiliation and development to new savings and credit cooperative Association
- e) Promote the integration into National and International Cooperative Bodies
- f) Collaborate with related entities the efforts to strengthen back dealing to our affiliates in their request to any entity

- g) Find the mechanism and implement action that enable active participation in the study and execution of the development plans of the country that contribute for the purposes of the Cooperative Movement
- h) Others which designates the General Law its Regulations and these Statutes

TITLE II

ASSOCIATES

CHAPTER I

REQUIREMENTS, RIGHTS AND DUTIES

Art. 8 Shall be in the Nature of Cooperative Federated Associations, those that have attended the training of this Federation that are of the same type and those that were admitted later. In order to join The Federation as members, it is necessary for the concerned Cooperative Associations to fill the following requirements:

- a) Be properly registered in the National Registry Association of INSAFOCOOP
- b) Its main activity is saving and credit
- c) Submit a written application to the Board of Directors of The Federation accompanied of the following documents: certified copy of the Constitution Act of the concerned Cooperative Association and Certification of the point of the Act which the Assembly agreed that Cooperative Association be integrated to The Federation, it must contain the names of the designated members to manage the admission.
- d) Pay as an entry fee the amount of US \$50.00 (Fifty dollars of the United States of America) or its equivalent in "Colones" currency
- e) Pay at least the value of a contribution

Art. 9 The rights of the associates are:

- a) Perform with The Federation the authorized operation by these Statutes
- b) Participate in the Direction, Administration and Vigilance of The Federation, through social charges performing.
- c) Exercise the function of voting through its Delegates in General Assemblies, in order that each Associate correspond a vote
- d) Attend punctually to the General Assemblies and acts, duly convened by The Federation through its Delegates
- e) Benefit from the programs and courses that The Federation performs and report any recommendations that are considered appropriate

- f) Request in writing to Board of Directors or Board of Supervision all kind of reports regarding the activities and operation of The Federation
- g) Be informed and evaluate the investments, financial expense of The Federation
- h) Request The Federation Board of Directors a convening of an Ordinary or Extraordinary General Assembly whenever justifies the reason. This request shall be in writing and it must have the signature of least twenty percent of the Association Delegates are agreed
- i) Ask the Board of Director to intervene to resolve disputes between Federated Cooperative Association and among some of these and third party
- j) Voluntarily retire form The Federation
- k) Propose candidates for Governing Bodies

Art. 10 These are Associates duties:

- a) Comply with obligation of The Federation
- b) Refrain from executing facts and incurring omission affecting or may affect the economic and financial stability or social prestige of The Federation
- c) Demarcate all action within Cooperative principles and standards
- d) Comply with the provision of these Statutes, agreements and resolutions issued legally by the General Assembly or by Administration and Supervision Bodies
- e) Respond jointly with the other associates, up to the limit of the value of contributions, for the obligations in charge of The Federation.

Chapter II

Of the Loss of Quality

Art. 11 Associate quality is lost by:

Resignation

Exclusion

Dissolution of Cooperative Association

Dissolution of The Federation

Art. 12 In the case of resignation, the procedure shall be the following

- a) The resignation of the Cooperative Association will be presented in writing to Board Directors of The Federation accompanied by the certification of the pint of the Act of the General Assembly where there retire was agreed.
- b) The Boards of Directors of the Federation shall resolve within the thirty days following the presentation of it. The voluntary withdrawal form Cooperative Association shall take effect from the date in which the Board of Directors accepts the resignation.
- c) The resolution will be settled on the Minutes Book of Board of Directors of The Federation and the resolution will be communicated to the affiliated Cooperatives after they have heard the Board of Directors about the resigning member or in his defect to his duly authorized representatives by the Board.

Art. 13 The Cooperatives Associations members of The Federation may be excluded by an agreement of the Boards of Directors taken by majority of votes and previous report for the Board of Supervisor.

The board of Directors shall notify the interested party that the next session will be known about his exclusion, preventing him from expressing whether he is defending himself or by another person who does so for his behalf. If within three day following the notification, the associate will not present or not show anything, the Board of Directors will appoint an assigned counsel to assume its defense on the indicated day to treat its exclusion. No Member of the Governing Bodies may assume the defense of the Associate who is intended to exclude

Chapter III

Causes for exclusion

Art. 14 The following are causes for exclusion:

- a) A repeated or serious breach of its obligations to The Federation.
- b) Failure to comply with the duties indicated in the literals C), D) and the E) of article 10 of these Statutes.
- c) Refuse without justifiable reason to carry out the commissions which entrusted the Administrative and Supervisory bodies, as well as to prohibit its delegates to play charges elected by the General Assembly
- d) Prohibit its Delegates, without justifiable cause assistance to the General Assembly
- e) Practice and promote work plan that are not related to The Federation and which may represent a damage record of the same
- f) Obtain, by fraudulent means benefits of the Cooperative Movement for The Federation or for Third Parties.

Chapter IV

Entry and Forms of Settlement

Art. 15 In the case of entry of a Cooperative Association to The Federation, as well as in the cases of loss of the quality of associate must be notified such resolution in writing to interested Cooperative Association and INSAFOCOOP, within the fifteen days following or entry date or date in which it was resolved to be excluded or accept the resignation from The Federation. The cases in which The Federation does not notify within the indicated time period, the resolution of entry of a Cooperative Association in its case, the withdrawal of the same Association; it is considered for registration purposes, as inscribed in The Federation or accepted resignation or exclusion.

Art. 16 The Cooperatives that acquires the quality of Associate will respond jointly with the others of the obligations brought by The Federation before its entry and until the moment that its inscription is cancelled as Associate and its responsibility will be limited to the value of its participation.

Art. 17 Cooperative Association that resign or have been excluded from The Federation shall have the right to be returned the value of the corresponding paid contributions, the savings, the accrued interest and surpluses up to the date of withdrawal or exclusion. When the Cooperative Association resigned or excluded has outstanding obligations in favor of The Federation or when it is guaranteeing any debt of another partner in favor of that or The Federation has been guarantor to ensure the undertaken obligations to third party or when the financial situation of The Federation does not permit, it may differ from the return of its assets. The Board of Director will resolve the form and term of the refund.

Art. 18 Accruing interests and surpluses corresponding to an excluded Cooperative Association or which have been resigned, it will be cancelled after the immediate financial period expires and the General Assembly has agreed the distribution of each.

Art. 19 The assets that have in The Federation an Associate that is processes of dissolution will be delivered to the Liquidation Commission.

Art. 20 The Members elected by the Board of Directors of each Associates, which shall only lose such character once the election of those who are to replace them is made at the General Assembly of Delegates followed that in who have intervened. If any of the Delegates lose the quality of Associate of the Cooperative Association that represents will automatically lose the quality of Delegate of The federation, if it is member of any of the Governing Bodies of The Federation, also will lose such

quality, in which case the substitute designated by the corresponding Governing Body should be called.

Art. 21 The duties of the Delegates are:

- a) Refrain from executing facts and incur omissions that affect or may affect the prestige of The Federation.
- b) Engage with cooperative spirit.
- c) Comply with the provisions of the General Law, its Rules, these Statutes and agreements taken by the General Assembly or by the Administration and Vigilance Bodies.

Art. 22 The rights of the delegates are:

- a) Take part in the Administration and Vigilance of The Federation, through the performance of social positions.
- b) Exercise the function of suffrage in the General Assemblies with the right to a vote by delegate.
- c) Benefit of the educational programs that The Federation realizes.
- d) Request in writing and obtain the Board of Directors or Board of Vigilance all kinds of reports with regard to the activities and operations The Federation.

TITLE III

Management, Administration and Vigilance

Chapter I

Management

Art. 23 The Management, Administration and Vigilance of The Federation are in charge of:

- a) Delegate General Assembly
- b) Boards of Directors
- c) Board of Vigilance

Art. 24 The General Assembly of Delegates is the supreme authority of The Federation and will be constituted by the Delegates of the Cooperative Associations to hold their meetings in their legal domicile. Their agreements oblige all the present and absent associates, agreeable or dissatisfied associates,

whenever that has been taken in accordance with the Law, their Rules and these Statutes

Art. 25 The sessions of the Delegates will be ordinary and extraordinary. The session of the ordinary General Assembly will be held within a period of not more than ninety days after the end of the established financial year. It may be realized later after the previous authorization of "INSAFOCOOP", preserving such a character the Extraordinary General Assembly will be held when the circumstances require and this only the pointed items in the respective agenda.

The Ordinary or Extraordinary General Assembly will be convened by the Board of Directors with fifteen days of anticipation in advance of the minimum at the date on which it is to be held. The call will indicate the points to be addressed, the place, day and time of the session, and it will be written in any of the following ways: personally, in which case the signatures of the recipient is collected; by IT resources or by notice is published in a National newspaper. In any case the call will be fixed in a visible place of The Federation. Of any call to session of General Assembly will be informed to the " INSAFOCOOP" with five days of anticipation at least to the date in which the session will be held and accompany the respective Agenda. In the Ordinary General Assembly will not be permissible to deal with other points once the proposed agenda has been approved by the General Assembly.

Art. 27 At the time of the call, the Delegates names will be called according to the Attendance General Assembly control to check how many members are present, the list shall contain the place, the names of delegates and the Cooperative Association they represent, in addition the date and hour of the session which it corresponds, at the end of the session the list will be signed by the person who presides the session and Secretary of Board of Directors or by the persons who replace him.

Art. 28 The Ordinary General Assembly in the first call may be constituted, if they were half but one of the Associate cooperative and the resolutions will be taken by the majority of votes of the present ones. If the appointed time does not have the required Quorum, the Board of Vigilance shall the required Quorum, the Board of Vigilance shall raise the record in the respective book in which it is reported this circumstance, indicating the number and the name of the delegates who have attended and the number and name the Cooperative Association and its representatives after having this formality fulfilled, the Assembly may deliberate and take valid agreements, an hour later, with the numbers of associates not less than twenty percent of the total. In the record of the Assembly will mention in the last call and the time that the session began and ended.

The call for General Assemblies will be a single notice, indicating that if there is no Quorum in the first hour, the session may be held after an hour with the formalities indicated. However, the Assembly could not be constituted it would be indicated that this was held in second call, which will be of forced compliance and must be held within a period of not less than twenty four hours or more than fifteen day from the date and time when the General Assembly was due to be held in first call and the Quorum will established with the delegates who concur enough with the simple majority of votes of those to solve, considering as o qualify associate that is no arrears with its contributions, loans and other obligations that has been suspended in its rights of associate by agreement and settled in the Minutes of session of the Board of Director.

Art. 29 The Minutes of General Assembly shall be numbered in correlative order and settled in a book or in separate sheets with number of page and other electronic means intended for the purpose, authorized by "INSAFOCOOP", they will be signed by the President and the Secretary of the Board or those who replace them in it will consign the session agenda, the place, date, and hour, the associate total, represented by their delegates and everything that leads to the exact knowledge of the agreements taken. In the case, of The Federation's dissolution Assembly, the other legal requirements will be fulfilled.

Art. 30 If the Board of Director unreasonably refuses to convene General Assembly ordinary or extraordinary, the Board of Vigilance asks a written and signed request by at least twenty percent of the qualify Cooperative Associates, to agree to convene Assembly. Such call may also be convened by "INSAFOCOOP" if the requirements indicated in accordance with the provisions of article 36 of General Law.

Art. 31 Where in accordance with the preceding article the Board of Vigilance or "INSAFOCOOP" are convened the Board of Director shall submit General Assembly Minutes Book to Board Vigilance within following days to the request, if within that period the book is not delivered the Board shall communicate it in writing immediately to "INSAFOCOOP", in order to authorize another book such effect the Assembly convened in accordance with this article, a President and a provisional Secretary will be elected which is registered in the respective book or in the provisional authorized by "INSAFOCOOP" without prejudice of the responsibilities in which commit the members of the Board of Director in accordance with the General Law and its Rules of procedure.

The member or members of the Board who do not fulfill with the obligation consigned in this article must respond to the Assembly in accordance with afore mentioned legal instruments and other applicable laws.

Art. 32 In the General Assemblies each Associate will have the right only to a vote. In General Assemblies will have just right of voice and vote, the owners elected delegates by the Councils of Administration of the respective Cooperatives and that show their respective credentials, the representatives in any case, no for any effect the cannot transfer their quality of delegates.

Art. 33 The pertinent documents for the General Assembly to be held which are to be received in it must be duly file in the chronologically order of the purpose of verifying the prescribed formalities in these Statutes

Chapter II

Of the Assemblies

Art. 34 In the General Assemblies will not admit that a Cooperative Association delegates to another the ability to vote. The General Assemblies shall be concurred by a Delegate owner and an alternate for each association appointed by the Board of Directors. The owner shall have the right to voice and vote and the substitute only to voice, unless be supplies the owner in which case the substitute will have a vote.

Art. 35 The General Assembly of Delegate corresponds to:

- a) Approve the plan of The Federation
- b) Approve the General Rules of Administration
- c) Approve or disapprove the Financial Statements and the Annual Report of The Federation.
- d) Elect and remove on justified basis, the members of the Boards of Director and Board of Vigilance
- e) Know and resolve cases of appeal
- f) Know and approve the modification of Constitution Act of the Statutes, prior authorization of "INSAFOCOOP".
- g) Authorize the capitalization and distribution of interest and surpluses for affiliated Cooperatives, in any.
- h) Authorize the acquisition of immovable property to any title.
- i) Authorize the alienation and tax on real state of The Federation
- j) Revalorize the assets of The Federation, previous authorization of "INSAFOCOOP".
- k) Agree on the creation of special reserves and fund, according to the need for The Federation
- l) Authorize change of legal domicile of The Federation.
- m) Know the resolution against the members of the bodies as indicated in literal " (d) " of this article.

- n) Approve the hiring of loans in favor of The Federation, in excess of one hundred percent of its patrimony.
- o) Agree the entry or withdrawal of National Confederation of Cooperative Federations or any other National or International organization according to the Cooperative Movement.
- p) The other attributions that Law, its Rules and Statutes point.

Chapter III

Of the Administration

Art. 36 The Board of Directors is the responsible Body of the Administrative functioning of the Federation and it constitutes the executive instrument of the Assembly of Delegates in the issues of The Federation.

Art. 37 The Board of Directors shall be composed of a President, a Vice President a Secretary, a Treasurer and a Member. They will be elected by the General Assembly of Delegates for a period of three years being able to be reelected with the limitation established in the article 56 of these Statutes. Three alternates shall be elected, without charge for a period of three years, in order to fill vacancies occurring in The Federation that must attend the sessions only with a voice.

In order for the members of the Board of Directors to be partially renewed each year, the member of the Board who are elected on the year of two thousand three will last in their position in the following periods: President and Vice-President three years, Secretary and Treasurer two years, and the Member a year, counting from January ten of the year of two thousand three.

Alternates end their period together with the President. The owners and alternate members who are elected for the following periods will last in their position three years.

Art. 38 The Board shall meet ordinarily once a month and extraordinarily as often as necessary, by means of convening of President or Vice-President in the absence of the President, it request in writing or by any electronic means at least three of its members. Its resolutions will be taken by majority of vote, in case of tie, the President will have vote of quality, of the acted one, to be recorded in minutes, subscribed by the attendance members who have the right to vote. The presence of three of its owners will constitute quorum. When the quorum is not possible to be constituted with the owners it may be constituted with the substitutes ones, whenever an owner is present at least.

Art. 39 Board of Director correspond to

- a) Enforce the Law, its Rules and these Statutes and the agreement of the General Assembly.
- b) Create the committees, name and remove their members with justified case
- c) Decide on admission, suspension, disqualification and resignation of associates.
- d) Take the Registration Book of Associates, duly authorized by "INSAFOCOOP", which will contain: full names of those, address, date of withdrawal in its case and the number of subscribed and paid contributions.
- e) Establish the internal rules of operation
- f) Agree on the Constitution of tax on immovable property of The Federation
- g) Propose to the General Assembly the alienation of the immovable property of The Federation
- h) Resolve with approval of the Board of Vigilance in urgent cases not provided of in these Statutes subject to consideration of the next General Assembly.
- i) Provide to the Delegates of Associates, the access to the Accounting Book and Minutes Book of the Federation and the expiations that they request in writing on the same ones, for that purpose, these will be availability, naming in the Board a responsible person for it.
- j) Receive and deliver under inventory the assets of The Federation
- k) Require caution form the manager and employee to care for or administrate the property of Federation
- l) Designate the financial or banking institutions in which the funds of The Federation are deposited and person wire in the form that these Statutes established
- m) Authorize payments
- n) Convene the General Assemblies
- o) Present to the Ordinary General Assembly the Annual Report and Financial Statements practiced in the corresponding economic financial year.
- p) Require forty five days of in advance to the board of Vigilance, Management and committees to submit the Annual Report realized to forward it to the Associates at least days before the General Assembly date
- q) Develop and execute social programs that benefit the membership of The Federation
- r) Establish disciplinary and lending rules
- s) Fill with substitutes the vacancies that occurs at the Federation
- t) Appoint and remove the manager determine his remuneration and indicate his obligations
- u) Authorize, the President to confer or revoke the ability as necessary
- v) Control the collection of the credits in favor the Federation and propose to the General Assembly, that they are liquidated against the respective

reserve, the uncollectable debts, when all the means have been exhausted to obtain its payments.

- w) Study and approve the work plan presented by the Manager if any or treasurer, and demand its compliance.
- x) Know the infringements of the associates and impose the sanction established for the action. When such penalties consist in fines, the rest amounts will be passed to the Education fund.
- y) Agree according with the faculties conferred by these statutes, the contracts that are related to the objectives of The Federation
- z) Authorize and regulate the transfer of contributions among associates.
- aa) Make the corresponding deduction in the case of article 17 of its Statutes, and revise the resolutions of committees when the Associates requested them
- bb) Everything else that is deemed necessary for a good direction and administration of The Federation and that is not reserved for General Assembly

Art. 40 The Board of Directors shall freely practice economic and financial operations, as defined the work plan approved by the Ordinary General Assembly of Delegates of each financial year

Art. 41 The assignments of the President of the Board are:

- a) Represent legally The Federation directly or by means of a representative, case in which it must confer the necessary powers for the good administration of the same one, previous authorization of the Board, exhausted the faculties conferred, this must be revoke
- b) Preside over the General Assemblies, the session of the Board of Directors and other acts of the Federation
- c) Subscribe with authorized officials or employees, bank accounts and investments of The Federation and sign, endorse, and cancel checks bill of exchange and other securities related to the economic activity of The Federation
- d) Authorize jointly with the Treasurer or manager the investments of fund that have been approved by the Board of Directors and approve the financial statements
- e) Sign the contracts public deed and other documents in which by quality of legal representative require their intervention, prior agreement of Board of Directors of Administration when this is applicable
- f) In general, perform his function of the Board of Directors and these Statutes

Art. 42 The powers of the Vice President are

- a) Assume the functions of the President when this is missing temporarily
- b) Cooperate in the organization and preparations of General Assemblies
- c) The other who delegate the Board of Directors

Art. 43 The Secretary shall have the following assignments:

- a) Carry out the Minutes Books of the General Assemblies and the Board of Directors sessions
- b) Act as a Secretary in the General Assemblies and make the meeting of Board of Vigilance aware of the agreements taken by the Board of Directors, within seventy two hours following each session
- c) The other assigned by Board of Directors, if the Secretary of the Board of Director is missing the substitutes are not present, the member will be substitute of the before mentioned Board.

Art. 44 The powers of the Treasurer are:

- a) Ensure the general custody of all funds, values and assets of The Federation, as well as the disbursement of funds, revenue collection and debt collection, will also ensure the correct use of the account or bank accounts to The Federation and the application of deposit corresponding in harmony with financial activity of The Federation.
- b) Verify that the Accounting Books and others financial records of The Federation are taken to the day
- c) Check monthly the elaboration of the financial states of The Federation
- d) Prepare and send to the "INSAFOCOOP" the corresponding monthly the Financial statements, as well as those of closing economic exercise in the form and term established legally, such report will be authorized with the signatures of the Treasurer and of the President of the Board of Directors by the Accountant and by the External Auditor if any.
- e) In general, perform the functions that Board of Directors within the legal Rules and the present Statutes, provided that there is no manager. If The Federation has a manager, the above will be the responsibility of this official.

Art. 45 The function the Members are

- a) When the substitutes are no present, assume the functions of any member of the Board, except those of the Present
- b) Will be the link between the Board of Directors and Committees
- c) The others assigned by the Board of Director

Chapter IV

Of the Vigilance

Art. 46 The Board of Vigilance will oversee the activities of The Federation and the action of the Administration Bodies and employees.

Art. 47 The Board of Vigilance shall consist of a President Secretary and Member by The Federation's Cooperative Associations, through their delegates, they will be elected by General Assemblies delegates for a period of three years , being able to be reelected with the limitations set in the article 57 of these Statutes. Two alternates will be elected, without a term of office for a period of three years, in order to fill the vacancies occurring within the Board, which shall be attend to the sessions only with voice, except when it is intended for the owners, in which case will have a vote. In order of the member Board of Vigilance to be partially renewed each year, members who are elected in the year two thousand three will last in their positions, the following periods: President, three years, the Secretary, two years, the Member a year; counting form the January tenth of two thousand three. The Alternates will terminate their period jointly with the President, the owners and the Alternates Members, who are elected form the following period, will last in their positions three years.

Art. 48 The board of Vigilance shall meet ordinarily once a month and extraordinarily, as many times as may be necessary through the convening of the President or upon request in writing, two of its members, the presence of two persons, constituting a quorum, when it cannot be constitute with the owners, it may be installed with the substitutes, provided that the owner is present. In case of a tie, who presides the session will have double vote. All acts in the sessions shall be settled in the minutes signed by the assistants members who have a vote.

Art. 49 The Secretary of the Board of Vigilance will carry the respective Minute book, if any session will be missing, then the appointed Alternate will make it, and in the absence of substitutes will be the member.

Art. 50 The Board of vigilance shall have the following powers and obligations:

- a) Ensure that the Administrative Bodies and employees comply with their duties and obligations in accordance with the General Law, their Regulations, these Statutes, agreements of the General Assembly the Board of Directors and committees.
- b) Know the operations of The Federation and monitor that they carry out with efficiency and efficacy.
- c) Monitor the employee's fund

- d) Know the opinion of External Audit on the Financial States of The Federation and issue its comments in the Annual Report of activities.
- e) Request the Board of Directors a report of the agreements taken at the meetings of the Board within seventy two working hours following each session.
- f) Issue an opinion on the date on which the General Assembly is to be held
- g) Fill with alternates the vacancies that occur in its bosom.
- h) Take care that the Accounting is carryout with due punctuality and correctness in duly authorized books, and the balances are practice opportunely and announced to associates and "INSAFOCOOP". For the purpose to revise the accounts and practice periodic arches and of its management, it will give a report to the General Assembly with the indications that are deemed necessary.
- i) Verify that the approvals of loans outside the credit policies have the approval of the Board of Directors, having to make pertinent observations remarks in case of noncompliance.
- j) Verify the granting of guarantees of those employees who by the nature of their office manage funds of The Federation, having to inform the Board in case of noncompliance. The foregoing may be omitted, provided that the insurance policies of money and securities contracted by The Federation sufficiently cover the risks.
- k) Present to the Ordinary General Assembly by means of Annual Report of the developed work.
- l) The others that will point the Law, its Rules, and these Statutes.

Chapter V

Common provision for Administration and Vigilance Bodies

Art. 51 Be a member of the Board of directors and the Board of Vigilance is required:

- a) Be a member a Federated Cooperative Association
- b) Be over eighteen years of age with proven experience in Cooperativism.
- c) Not to be an employee of the Federation or any Cooperative
- d) Not to belong entities for incompatible purposes with the Cooperative Principles and values.
- e) Not to be in charge of management, accounting or advice of The Federation
- f) Its representative is up to the date with The Federation.

Art. 52 The elected persons to replace the members of the Board of Directors and the Board Vigilance will take possession of charges immediately after they have

taken the protest of the Law on the date that they start their period, but if some of those members could be removed by the General Assembly before end of their period or lose the total quality for any or the cause established in these Statutes or for any other reason, the substitute will take possession of their position on the date in which the corresponding body or the same Assembly points or will only terminate the period of the substituted member.

Art. 53 When a member of the Board of Director or Board of Vigilance cease in their position for any reason, they will be replaced by the substitute designated by the corresponding body, who will last in its functions, until the next General Assembly, in which, the body may be confirmed in the position. In both cases, the respective substitute must be chosen, only served until the end of the period other manager replaced.

Art. 54 The resignation, abandonment or any motive of force majeure that interrupts the exercise of a charge for the period that is elected or reelected a member of the Board of Director or Board of Vigilance does not affect continuity of the same one.

Art. 55 The members of the Board of Directors and Board of Vigilance shall continue in the performance of their duties, even if they have concluded the period for which they are elected for the following reason:

- a) When no General Assembly has been held of the election of members
- b) When the new members have been elected, they have not taken possession of their position yet.
- c) When the General Assembly was held there was no agreement on election.

Art. 56 The members of the board of Directors and Board of Vigilance may not be elected more than two consecutive periods for the same management body may not be simultaneously members of more than one body referred in this Article.

Art. 57 Any member of the Board of Director or Board of Vigilance, who having been summoned in legal form, shall be absent without justified cause to three consecutive sessions or five alternates, in period of one year, will be considered as a resignation.

Art. 58 The agreement of Board of Directors and Board of Vigilance will be settled in the respective books of minutes or in an electronic media that "INSAFOCOOP" has authorized separated and legally.

Art. 59 The members of executive bodies are jointly responsible for the decision take in fulfillment to the legal norm that govern The Federation, only those members who save their vote are exempt, that they do it within the twenty four

hours of having known the Secretary's timely notice agreement. The joint responsible reaches the members of the Board of Vigilance for the acts that this one did not have objected opportunely.

Title IV

Of the Committees

Chapter I

Of the Credit Committee

Art. 60 The credit committee is appointed by the Board of Director for a period of three years is responsible for studying and resolving the credit application submitted by the associates within the shortest possible time, respecting the polices, rules, regulations of Creditors of The Federation. It will be composed by a President, a Secretary, a Member and Alternate. The President will be member of the Board of Directors.

Art. 61 The Committee will meet in an ordinary session every fifteen day, or may meet in an extraordinary session when circumstances so require by means of summoning the President or when requested in writing, two of its members. The presence of two, constitute quorum and the resolution will be taken by majority of votes, in case of tie the president will have vote quality. All acts in the session must be settled in the Minutes signed by the members who are entitled to vote. The Secretary of Committee takes the Minutes Book and if any session is missing and is not present the substitutes, the member will do it.

Art. 62 The requirements to be a member of the Credit Committee are the following:

- a) Be up to date with the obligations to the Cooperative Association the member belongs to.
- b) The cooperative Association to which the member belongs is complying with the Law, its Regulation, these Statutes and obligations to The Federation
- c) Be solvent with Financial System
- d) Not have family ties of any kind with the manager of The Federation nor with the members of the Governing Bodies.
- e) Not have a record that directly links to bankruptcy both in business and in those of which is responsible.

Art. 63 The Credit Committee will have the following powers and obligation:

- a) Study and resolve within the shortest possible time, the requests of credit, according to the regulation and norms established by the Board of Directors.
- b) Propose to the Board of Directors reforms or modification to the credit policies and regulations and the rules on loans
- c) Make visits to the associates when it deems appropriate before solving or after the granting of loan, for greater consistency of its management.
- d) Request to the Manager, periodic information, on mobilization and availability of the resources of The Federation
- e) Any other that will show the Law, its Rule or these Statutes and the Board of Directors.

Chapter II

Of Education Committee

Art. 64 The Education Committee shall consist of a President, a Secretary, a Member and an Alternate, appointed by the Board of Directors for a period of three years and will chaired by a member of the Board.

Art. 65 The Education committee is the body responsible for the design, implementation and execution of the policies and educational programs of the Federation approved by Board of Directors.

Art. 66 The requirements to be a member of the Education committee are:

- a) Be up to date with the obligation to the Cooperative that belongs to.
- b) This Cooperative is complying with Law, its Regulations, Statutes, and its obligations to Federation.
- c) Express disposition and willingness to collaborate in the development of the task of committee of Education

Art.67 The committee of Education will be in session ordinarily at least twice a month and extraordinarily as many times as necessary by summons of the President and in the absence of this, by any other member.

Art. 68 The Education committee will have the following faculties and obligations are:

- a) Participate in meetings and Assemblies of Associates
- b) Disseminate and promote the Cooperatives principles and aspects related to the Administration and Cooperative Legislation
- c) Present to the board of Administration and annual report of its activities for its inclusion in the annual report to The Federation.
- d) Edit Newsletters

- e) Know and comment on application for educational advice and affiliation, which will be sent them by a Board of Director before the approval.
- f) Propose to the Board of Directors candidates for participation in educational events both national and international
- g) Plan and carry out courses, seminars, circles, meetings or discussion groups in order to update the educational committees of their associates.
- h) Make known to associates the social and administrative structure of the Federation
- i) Other attributions complementary to the above

Tittle V

Of Management

Sole Chapter

Art. 69 The Board of Director shall appoint the manager who will be responsible the Administration responds to this of the good functioning of The Federation, it shall have under its dependence all the employees of The Federation and execute the agreements, resolutions and regulations of that body. The position of Manager is incompatible with that of member of the executive bodies and will respond of actions when the does it outside of the instructions established by the Board of Directors.

Art. 70 Be a manager of The Federation it is necessary to have knowledge about Administration and Finance of preference within the Cooperative field, to be older than thirty years old and to render the caution required. The manager shall not be related in the fourth degree of consanguinity or second of affinity with the Directors of the Federation, members of this or be a spouse of life partner of any of them.

Art. 71 The responsibilities of the Manager are:

- a) Those established in subparagraphs a),b),c),d), and e) of article 44 of these statutes .
- b) Elaborate and submit to the Board of approval the different plans of The Federation
- c) Ensure the execution of the operations of The Federation to assign its duties to the employees and direct them in their work, abiding by the provision of the Board of Directors according to the Law, its Regulations and these Statutes
- d) Attend the sessions of the Board to submit the Management report and whenever it is required to issue opinions or advise the Board on strategic issues of interest to The Federation

- e) Execute the other powers that the Board of Directors and these Statutes

Of the Economic and Financial Regime

Chapter I

Economic Regime

Art. 72 For its operations The Federation will have the following resources:

- a) The immovable and movable property
- b) The rights, patents, trademarks and other intangibles assets of its property
- c) Donations, inheritances, legacies, subsidies and other analogous resources received from the States or from another natural or legal person
- d) Reserves and special funds
- e) The assets obtained in the recovery of credits
- f) Income from operations not covered by this article.

Art. 73 The financial year of The Federation will be from January the first to December thirty first of each year. At the end of the financial year the General Balance and other financial statements will be presented to the Ordinary General Assembly, after the opinions of the Board of Vigilance.

Chapter II

Financial Regime

Art. 74 For its operation The Federation will have the following financial resources

- a) The contribution of the associates, surpluses and the interests that the Assembly solves to capitalize.
- b) The savings and deposits of the associates and applicants
- c) The loans and credits received
- d) The profits obtained from the investments referred to in the Article 66 of the Law

Chapter III

Of the Contributions and Deposits

Art. 75 The contributions of the associations will be of a value of sixty dollar of the United States of America or their equivalent "colones", the contributions interest and other corresponding values of the associates, may be recorded in an

authorized booklet for that purpose, and can only be transferred to another partner, prior authorization of the Board of Directors.

Art. 76 The contributions booklet must contain:

- a) Name of The Federation
- b) Count number of contributions
- c) Cooperative Associate name
- d) Space to settle the movements of the account, having to contain at least columns of date, deposits, withdrawals, dividends and balances.
- e) The signature of the official authorizing of contributions
- f) Then man rights and obligations relating to contributions

Art. 77 The transfers of contributions will be effective once approved by the Board, and its execution registration and control will be in the charge of the manager of this delegate.

Art. 78 The Patrimony of The Federation will be constituted by the contributions of the associates, the capitalized interests surpluses and donation received. The contributions will be payments in cash, movable and immovable property or rights cannot be taken as a contribution the work done for the Constitution of The Federation. "INSAFOCOOP" will audit and evaluate contributions that are not made in money.

Art. 79 The initial share capital of The Federation is thirty one thousand four hundred twenty eight with fifty seven cents dollar of The United States of America or its equivalent in "colones"

Art. 80 The Associated Cooperative, in order to maintain its quality in The Federation will pay in accordance with the Statutes the value of the subscribed. When the Cooperative Associated owed part of contributions they have subscribed, the interests and surpluses that correspond to contributions made with The Federation will be applied to where they reach the amount to cover the required balance.

Art. 81 Be admitted as an associate of The Federation, the interested party must pay at least the value of a contribution in the form establish by these Statutes and fulfill the requirements referred to in the article eight of them. The contributions of each associate in The Federation may not exceed ten percent of the subscribed capital, except when it is authorized by the General Assembly, but may never be greater than twenty percent of the same. If the associates would like to subscribe more capital, the will do so in accordance with the Rules that the General Assembly determines as to the amount and term to be made.

Art. 82 The contributions fully paid and that even if the associates have been waived, have not been withdrawn before the end of the financial year, accrue an annual interest rate not greater than the banking system pays for the saving a current these interest rates will be calculated form the las day of the month in which each contributions is paid, the interest rate will be feed by the General Assembly, based on the amount proposed by the Board of Directors.

Art. 83 The deposits in savings account will be applied to the provision of preceding article.

Art. 84 The Board of Director shall establish the condition and deadlines for the refund of the assets when the associate withdraws. When it appropriates the articles 17, 18, and 19 of present Statutes are applied.

Art. 85 The General Assembly may authorize The Federation to get a mutual title, for specific productive operation, a fixed amount or proportional established in relation to the gross value of the sales or services that The Federation carries out on behalf of its Associated in the conditions and time periods that signal The Federation and the respective associate in agreement. These loans will be supported by investment certificate regulated by the regulation of the Law.

Chapter IV

Of the Reentry

Art. 86 The Board of Director reserves the right to accept or refuse the reentry of any Cooperative that has withdrawn from The Federation to the detriment of interest of the same.

Art. 87 The funds coming from the income or reentry are designed to amortize the expenses of Constitution and initial operation of The Federation, the remnant, if any, and other quotas that hereafter are perceived will be destined to the reserve of Education.

Chapter V

Of Surplus Compensation

Art. 88 The surpluses that reflect the state of annual result of The Federation will be applied in the following form and order of raking:

- a) TEN percent, for the Legal Reserve Fund, this will serve to cover the losses that occur in an economic exercise and to respond to obligations with third parties. This reserve may be greater than twenty percent of the paid capital by the Associates.

- b) TEN percent for the education reserve
- c) The percentage for the payment of the interest that correspond to associates in proportion to their contribution, when so agreed by the General Assembly, for this case, the interest rate payable will not be greater than that paid by the banking system for current savings
- d) The remaining that will remain after applying the previous deductions are distributed among the associated ones, in proportion to the notary that have carried out with The Federation, according to what the General Assembly stipulates. In the case of total or capital application of the specials, the same means shall be refunded in order to form them.

Art. 89 If it is agreed by the General Assembly, which corresponds to the associates as set out in literals c) and d) of the preceding articles, it shall be capitalized in favor of those and the capitalized quantity shall be recorded in the contribution booklet of each associate

Art. 90 The Legal Reserve fund of Education, as well as the product of the subsidies, donations, inheritances and legacy that The Federation receives are to distributable, therefore, no associate or its successors, has the right to perceive any part of these resources.

Art. 91 The Federation will enjoy the privileges to collect the loans that they have granted, also enjoy with holding rights on contributions, savings, interest and surpluses that the associates have in those, such funds may applied in that order and up to where they are liable to extinguish other debts payable by these, as debtors or guarantors or voluntary and legal obligations in favor of those.

Title V

Of cooperative Integration

Sole Chapter

Art. 92 The Federation may be integrated into a confederation of Cooperative Association, for which the agreement of the Assembly is necessary; it is up to the Board of Directors to proposed affiliation or disaffiliation. It may also be integrated with any international agency related to the Cooperative movement.

Title VI

Of the Procedures

Sole Chapter

Art. 93 When it is desired to exclude an associate, the Board will notify that in the next session, it will be aware of the exclusion, preventing him from submitting its defense in writing by resigning the person to take its defense. If within three days of the notification the associate has not designed a defender the Board shall appoint a defender who will assume the same day to treat his exclusion, may not assume the defense of the associate who is intended to exclude any member of the governing bodies of The Federation.

Art. 94 If the associate to be excluded is represented in any Governing body of the next Federation, the Board or Council, it will be notified that in the next assembly, it will be known about its exclusion, in order to designate the person who assumes its defense. This notification will be made within three days of the session of the Board in which it is called to summon Assembly, which will appoint it defender if that does not do.

Title VII

Of the Resources

Chapter I

Of the Appeal

Art. 95 The Cooperative Association excluded by the Board of Directors may appeal to the next General Assembly. The appeal must be filed in writing with five working day form the following to the notification of the exclusion. The Board will give evidence to tie interested party of having received the letter containing the appeal; the rights of the excluded Cooperative remain in an abeyance. When convening the General Assembly the interested party will be summoned to appoint a person to do so by means of its representatives. If the representatives of the Cooperatives Associations do not attend to the General Assembly to defend its representation, or if attending refuse to do so, or show to the General Assembly its decision, upon presentation of the point of Minutes of General Assembly held for its representation, in which it was not defend itself, in which case the General Assembly would proceed to appoint among the present delegates, the person will have to defend it.

If as a consequence of the non-attendance of the delegates, the Cooperative Association was excluded, it must express its disagreement with the Board, so that the next General Assembly will reconsider the resolution by means of which it is excluded, owing to present the evidence that the wavering of responsibility and demonstrate to The Federation that the delegates by a not authorized personal agreement by the Cooperative Association that represent and they did not defend it, in this circumstance The Federation must notify the interested party resolution, in order that this name to the who was responsible for representing it is tis defense in the next General Assembly.

Chapter II

Common disposition to this Chapter

Art. 96 Interposed the resource regulated in this chapter are suspended the rights of the associate who puts it.

Title VIII

Of the Dissolution and Liquidation

Sole Chapter

Art. 97 The Federation may dissolved by agreement of the General Assembly take in extraordinary session specially convened for that purpose, the assistance of at least two thirds of its members. The dissolution agreement should be taken with the vote of two thirds of present associates.

Art. 98 Causes of dissolution are:

- a) Decrease in the minimum number of associates set by law for a period of a year
- b) Impossibility of accomplishment of the specific purpose for it was constituted for a period of six months or by extinction of the same
- c) Total loss of economic resources or party judgment from the General Assembly makes it impossible to continue operation
- d) Fusion with other Federation by means of total incorporation or constitution of a new Federation that assumes the totally of the patrimonies of the mergers in the latter case the dissolution will affect to both.
- e) Repeatedly incurred on causes that would have motivated temporary suspension, after checking

Art. 99 In the case of dissolution and settlement, the procedures established by law and its Rules of procedure shall be followed.

Title IX

Sole Chapter

General Provisions

Art. 100 For the modification of the Constitutive Act of these Statutes, the same procedure will be followed that for its constitution and inscription, the President of the Board of Administration managed the corresponding authorization to "INSAFOCOOP". The General Assembly Act amending the Statutes of The Federation will be signed by the President and the Secretary of Board of Director shall be signed by the President and the Secretary of the Board Director shall have the value of the Constitutive Act and send to the "INSAFOCOOP" in National Registry of Cooperative Associations. In this document the text of the reform must be integrated the number of qualified Associates of The Federation will be recorded and the number of those who have attended the Assembly, indicating the result and senses of the voting.

Art. 101 The case not foreseen by these Statutes and regulations that are dictated will be resolved by the General Assembly, provided that the resolutions is this conform to the Legal Regime to which the Cooperative Associations are subjected.

Transitory Article

These Statutes will enter into validity the day they are registered in the National Registry of Associated cooperatives for that purpose carries "INSAFOCOOP"

Ricardo Paz
President of Board of Directors

Gloria Bermúdez de Gámez
Secretary of Board of Directors

It is in conformity with its original with which it is consigned and to be presented in, known in Spanish by "REGISTRO NACIONAL DE ASOCIACIONES COOPERATIVAS DEL INSTITUTO SALVADOREÑO DE FOMENTO COOPERATIVO" it is extended San Salvador eight days of July of two thousand thirteen.

Hugo Valmore Juarez Sanchez
Secretary of Board of Director
FEDECRECE DE R.L

Registered the integral reform of statutes, known in Spanish by “Federación de Asociaciones y Cooperativas de Ahorro y Crédito y Servicios Múltiples afines de El Salvador de Responsabilidad Limitada”, is abbreviated “FEDECRECE DE R.L” under the number twenty, folios three hundred thirty and five in front of folios three hundred forty and two turned first book of Registry and Inscription of Federations of Associations Cooperatives, which carries known in Spanish “Instituto Salvadoreño de Fomento Cooperativo” abbreviated “INSAFOCOOP”

FELIX CARCAMO CAMPOS
PRESIDENT

MISAELE EDGARDO DIAZ
MANAGER OF REGISTRO NACIONAL DE ASOCIACIONES COOPERATIVAS