

Mutual Associations

Law 20.321

Law of Mutual Associations

Buenos Aires, April 27, 1973

Official Bulletin, May 10, 1973

Article 1. Mutual associations are in force throughout the National territory by means of the provisions of the present Law and through the norms dictated by the National Institute of Mutual Action.

Article 2. Mutual associations are those that are freely established without profitable goals by persons inspired by solidarity, with the goal of offering reciprocal help to prevent eventual risks or to promote spiritual and physical well being, through a periodic contribution.

Article 3. Mutual association must register in the National Register of Mutual Associations after fulfilling the bonds established by the National Institute of Mutual Action. Inscription in the Register assures the Association with the character of Legal Person, with a scope that the Civil Code establishes for juridical persons, enabling them to resort to the National Legislative Body of Civil Appeals of the Federal Capital in the event that the said inscription is denied.

Article 4. Mutual assistances are those that by a contribution or savings of members or any other legal recourse, have as a goal to satisfy necessities of the members through medical, pharmaceutical, granting of subsidiaries, loans, insurance, construction and buying and selling of houses, cultural promotion, education, sport and tourism, funeral services, as well as any other that has the goal of physical and spiritual well being. The members have the right to enjoy a financial benefit that is simulated by their savings.

Article 5. According to the goals established in the previous article, the Mutual Associations can celebrate agreements among themselves and with other entities that have solidarity goals.

Article 6. The association statute will be written in the national language and must contain:

- a) The name of the entity, which must incorporate in it one of the following terms: Mutual, Assistance/Aid, Mutual Association, Reciprocal Protection or other similar name:
- b) Domicile, goals, and association objectives:
- c) Resources that will be used in the development of their activities:
- d) The categories of associates, their rights and obligations:
- e) The form of establishing dues and other social contributions:
- f) The composition of the Executive and Supervisory Committees, their attributes, duties, duration of terms of office and forms of election:
- g) The conditions for calling meetings, the functioning and authority of the regular and special meetings;
- h) Closing date of business year, that which can not exceed one year.

Article 7. The association statute will determine the conditions that must unite the persons entering the association, related to their profession, office, job, nationality, age, sex and other circumstances that cannot affect the principles of mutualism, leaving prohibited the introduction of clauses that restrict the incorporation of Argentines, as well as conditions of inferiority in relation to those of other nationalities. Difference of creed, race and ideology cannot be established.

Article 8. The categories of members will be established by the mutual associations, according to the following:

- a) Actives: Will be the persons of visible existence, older than 21 years who meet the requirements established by the association statutes for this category, those who have the right to vote and to be a member of the Executive Committee;
- b) Adherents: Will be the persons of visible existence, older than 21 years who meet the requirements established by the association statutes for this category and the juridical persons, they cannot vote or be a member of the Executive Committee;
- c) Participants: The father, mother, spouse, single daughters, sons less than 21 and single sisters of active members, who have right to the social services in the form determined by the association statute, without right to participate in the meetings, to vote or be elected.

Article 9. The members of mutual entities, whatever their category is, must contribute to the National Institute of Mutual Action one percent of the dues of the members. The contribution cannot be inferior to five cents (pesos 0.05) per member and per month. The mutual entities will be agents of withholding owing the funds the month following their membership to the association.

Article 10. The members can be sanctioned in the form determined by the association statute, however the clauses of exclusion or expulsion cannot be other than the following:

The following are exclusion clauses:

- a.) Noncompliance of the obligations imposed by the statutes or regulations;
- b.) To owe three monthly payments if the statute does not establish a longer term. The Executive Committee must notify the member, in a certifying manner, of the delinquency of the affected member, with 10 days notice before the date in which the association rights will be suspended and must demand payment for the said term;
- c.) To cancel the insurance, in mutuals of insurance.

The following are expulsion clauses:

- d.) To voluntarily damage the association or participate in conduct that is obviously harmful to the interests of the association;
- e.) To commit dishonest acts with the intention to damage the association.

Article 11. The members who are sanctioned or affected in their rights and interests, will have recourse at the first regular meeting, interposing the respective recourse with in thirty days of notification of the ruling, before the Executive Committee.

Article 12. The mutual associations will be administered through an Executive Committee composed of five or more members and through a Supervisory Board formed by three or more

members, without harm to other association committees that the statutes establish determining their attributes, actions, election or designation.

Article 13. The candidates for the Executive Committee and for the Supervisory Board cannot be demanded to have an amount of time as members for more than two years. Furthermore those who find themselves among the following conditions cannot be elected:

- a.) Bankrupt, in the proceedings of bankruptcy and those in the process of rehabilitation from bankruptcy;
- b.) Convicted of fraudulent crimes;
- c.) Disqualified by the National Institute of Mutual Action or through the Central Bank of the Republic of Argentina while the duration of their disqualification is in force.

In the case of any of the situations stated in the previous paragraphs transpires, during the time of their mandate, anyone of the members of the Association Committees, will be immediately separated from their position.

Article 14. The term of every mandate cannot exceed that of four years. The member that serves in an elected position can be reelected, by a simple majority of votes, whatever the office that would be filled and their mandate can be revoked in a special meeting called for that reason and by decision of 2/3 of the members attending the meeting.

Article 15. The members of the Executive Committee, as well as the Supervisory Committee will be solidarily responsible for the management and investment of association funds and the administrative management during the term of their mandate and exercise of their functions, except when evidence exists in their opposition of an act that damages the interests of the association. They will also be personally responsible for the fines that are applied to the association, for any infraction of the present Law or to the resolutions dictated by the National Institute of Mutual Action.

Article 16. The duties and attributes of the Executive Committee, without harm to other committees established by the statutes, will be the following:

- a) Execute the resolutions of the meetings, to fulfill and to make fulfilled the statute and the rules;
- b) In general exercise all their functions inherent to the direction, administration and representation of the Society, being empowered to this respect to resolve those cases not foreseen in the statute, interpreting when necessary, with the duty to bring it to attention at the next regular meeting that is celebrated:
- c) Call together a meeting;
- d) Resolve the admission, exclusion or expulsion of associates;
- e) Create or abolish jobs, set their compensation level, adopt the sanctions that correspond to those that occupy the positions, contract all of the services that would be necessary for the best profitability of the end goal of the organization;
- f) Present to the Regular General Meeting the Report, General Balance, Inventory, Expenses and Recourses and the Supervisory Report corresponding to the ended business year;
- g) Establish services and association benefits and their modifications and to dictate their regulations that must be approved by the Meeting;

- h) Make know to the associates, in clear and direct form, the statutes and regulations approved by the National Institute of Mutual Action.

Article 17. The duties of the Supervisory Committee, without damage to committees established by the statutes, will be the following:

- a) Control the administration, checking the petty cash and the state of the cash draw and banks accounts;
- b) Examine the books and documents of the association, as well as keeping a record of the earnings, for periods of no more than three months;
- c) Attend the meetings of the Executive Committee and sign the respective records;
- d) Rule on the Report, General Balance, Inventory, Expenses and Recourses presented by the Executive Committee;
- e) Call together the regular meeting when the Executive Committee fails to do so;
- f) Solicit from the Executive Committee the Summons of Special Meetings when they judge it necessary, making a record for the National Institute of Mutual Action when the said Committee will not agree to do so;
- g) Verify the fulfillment of laws, resolutions, statutes and regulations, especially in that regarding the rights and obligations of the associates and the conditions in which they grant association benefits. The Supervisory Committee will care for the exercise of their functions in a manner that does not obstruct the regularity of the administration of the association.

Article 18. The call of a meeting will be made through the publication of the notice of the meeting and the agenda of the meeting in the Official Bulletin or in one of the major news papers in the zone, with thirty days of anticipation.

Article 19. The mutual associations are obligated to present to the National Institute of Mutual Action and make available to the members, in the executive department of the entity, with ten working days of notice of the date of meeting, the notice of the meeting, agenda of the meeting, and complete details of any issue to be considered in the meeting; in the case of a regular meeting they must bring the documents mentioned in the report of the business year, Inventory, General Balance, Expenses and Recourse and Supervisory Report.

Article 20. They will form a committee of the associates in conditions of intervention in the meeting and elections, that which must be in the Mutual at the disposition of the members, with notice of thirty days anticipation of the date.

Article 21. The members will personally participate and with only one vote in the meetings, not being admissible as the vote of power. The members of the Executive Committee and of the Supervisory Committee will not have a vote in the issues related to their action. The quorum for any type of meeting will be half plus one of the members with rights to participate. In the case that they do not reach this number at the fixed hour of the meeting, they can validly meet thirty minutes later, with the members present, whose number cannot be less than that of the members of the Executive Committee and the Supervisory Committee.

Article 22. The decisions of the meetings will be adopted by a majority of half plus one of the members present, except in the cases of revocations of the mandates contemplated in Article 14

or in those that the association statute fixes a superior special majority. No meeting of members, whatever the number present, can consider issues that were not included in the notice of the meeting.

Article 23. The election and the renewal of the authorities will be made by secret vote, whether it is by personal form or by mail, except only in the case of the list that directly proclaims the election action. The lists of candidates will be certified by the Executive Committee with fifteen days of anticipation of the election act, taking into consideration the following:

- a) That the candidates unite the conditions required for by the statute;
- b) That they have stated their agreement in writing and are supported by the signatures of no less than 1% of the members with the right to vote.

The objections will be tried before the meetings preceding that of the election action, as to who will decide about the particulars.

Article 24. The regular meetings will be scheduled once a year, within the last four months of the close the business year and in them they must:

- a) Consider the Inventory, General Balance, Expenses and Recourses, as well as the Executive Committee and Supervisory Committee Reports.
- b) Elect the incoming members of the social organizations that replace those who are ending their term;
- c) Approve or ratify all fixed retribution to the members of the Executive and Supervisory Committees;
- d) Try any other issue included in the agenda.

Article 25. The special meetings will always be held when the Executive Committee sees it necessary or when it is solicited by the Supervisory Committee or by ten percent of the members with the right to vote. In the last case the Executive Committee cannot delay their decisions more than thirty days from the date it was presented. If they do not take into consideration the solicitation, or find it to be without foundation, the National Institute of Mutual Action can notify the association authorities in order for them to make the notice of the meeting within five working days of notification, and if it is not completed in this manner, the association will intervene in the exclusive effects of the notice of the meeting.

Article 26. The meetings of the mutual associations that have filials, sectional or committees, can when the association statute establishes it, realize the following model: The central and every one of the filials, sectionals or committees will name their delegates. Once the delegates are created in the meeting, they will consider the points of the notice of the meeting, counting the number of votes equal to one percent of the members that they represent with the right to vote, computing by one hundred all the fraction greater than fifty. In these cases the statutes can establish that the meetings be scheduled every two years, owing every year, to the members the Balance Sheet and the End of Year Report.

Article 27. The patrimony of the mutual associations is constituted:

- a) By the quotas and other association contributions;

- b) By the acquired goods and their products;
- c) By all legal recourse.

Article 28. The association funds will be deposited in banking entities under the name of the association and in a joint account with two or more members of the Executive Committee.

Article 29. The mutual associations created under the agreement of the existing Law, will be exempt from national order, in that of the Municipality of the Federal Capital and in the National Territory of Tierra del Fuego, Antarctica and the Islands of the South Atlantic, of all tax, valuation tax or inheritance tax, in relation to their goods and for their acts. Leaving understood that this benefit reaches all immovables that the association owns, and when from these they receive rent/income, on the condition that the same earnings of the association fund to be invested for the attention of the association goals determined in the respective statutes of every association. Likewise, deposits made in mutual institutions by their members will also be exempt from the Revenue Taxes on interest. They are also free of customs laws for the importation of apparatus, instruments, drugs and specifics when the same would be asked for by the mutual associations and used for social services.

The National Government will ensure that the Provincial Governments adhere to the exemptions determined in the present article.

Article 30. The mutual associations can merge. To do this requires:

- a) To have previously approved the merger in a meeting of the associates;
- b) To have approval from the National Institute of Mutual Action.

Of Federations and Confederations

Article 31. The mutual associations can create Federations and Confederations.

Article 32. The Federations and Confederation seen in the previous Article, to function as they do, must register in the National Register of Mutualities, enjoying all the rights and fulfilling all the obligations emerging from this law and that would be compatible with their condition.

Article 33. The following are rights and obligations of the entities previously seen in Article 31:

- a) Defend and represent before the public authorities and private persons the mutual interests of the entity that they find in their jurisdiction;
- b) Intervene by proper law, or as interested third party, when the origin of the debated question can directly affect or indirectly affect the mutual interests;
- c) Intervene in the celebration of agreements, pacts or general formal agreement;
- d) Contribute to the promotion, enlargement and perfection of legislation, collaborating with the State as technical bodies.

General Dispositions

Article 34. The use of expressions "Mutual Assistances", "Mutuality", "Reciprocal Protection", "Social Foresight" or any other similar addition to the name of societies or businesses that are

not created according to the dispositions of this Law are prohibited. The violation of this prohibition will be punished with fines stated in the following Article and the clauses of their installation.

Article 35. Infractions to any of the dispositions of the present Law or to the norms and complementary resolutions, are permitted in isolated form and in conjunction with:

- a) Fines of \$50 to \$5,000.
- b) Temporary or permanent disqualification of the persons responsible for the infractions, to fulfill positions in the committees established by the statutes.
- c) Intervention to the entity;
- d) Retirement of the authorization to function as Mutual and liquidation of the association with the infraction.

The process for the collection of the fines will be established by the fiscal enforcements in Book III, Chapter II, Section 4 of the Civil and Commercial Processal Code of the Nation and that which is established by the Law 18.695, in how it will be applied.

Article 36. The sanctions that are referred to in the previous Article and judicial or extrajudicial liquidation of mutual associations, will be the duty of the National Institute of Mutual Action, in all the territory of the Republic. The retirement of the authorization to function as mutual is implicitly carried to the liquidation of the entity that is being tried. These decisions can resort to the National Board of Civil Appeals of the Federal Capital.

Article 37. The mutual associations cannot be civilly bankrupt.

In the case that a civil bankruptcy is solicited, the jurors must give intervention to the National Institute of Mutual Action so that it may be resolved, if it corresponds, the intervention with or without association liquidation. In consequence the application of the dispositions of the Law of Meetings 19.551 will not apply to the Mutual Associations.

Article 38. The Mutual Associations, Federations and Confederations that actually function under National or Provincial order are obligated within six months to promulgate this Law subject to the regime of the present; in the contrary case, they will proceed without formality as determined in Article 36.

Article 39. Substituting the incise d) of Article 7 of the Law 19.331 for the following:
Incise d): "the contributions collected for the Mutual Promotion fund in conformity with the Law 17.376 and those that they collect under Article 9 of the Law".

Article 40. Revoke the Decree Law 24.499/45 ratified by Law 12.921 and all other dispositions that oppose the same.

Article 41. The dispositions of the present will not affect the force of Law 18.610 in the cases that the last refers to.

Article 42. Communicated, published, under the National Direction of the Official Register and archived.