

**HURIMA SAVINGS & CREDIT CO-OPERATIVE
SOCIETY LTD**

CREDIT POLICY

CS - 22284

2023

FOREWORD

Hurima Sacco Society Ltd was registered on 27th November, in the year 2017 under the Co-operative Societies Act Cap 490 Laws of Kenya as limited liability society in order to mobilize savings and provide affordable credit facilities. The sacco draws its membership from Current and ex- employees of Majid Al Futtaim Hypermarkets Limited – Kenya.

MISSION

To provide comprehensive financial solutions and promote a savings culture, fostering financial empowerment and prosperity among our members.

VISSION

To organize and promote the welfare and economic interests of members.

OBJECTIVES

1. To promote thrift among our members by affording them an opportunity for accumulating their savings and deposits and create thereby a source of funds from which loans can be made to them exclusively for provident and productive purposes, at fair and reasonable rates of interest; thereby enabling them to use and control their money for their mutual benefit.
2. To ensure personal growth through the introduction of new products and services that will promote the economic base of the members.
3. To ensure progress of members and society through continuous education programs on proper use of credit, reduction of poverty, human dignity and co-operation.
4. To apply the co-operative principle of economic participation among members in order to promote members' interests. This will ensure that member's interest are taken into consideration by improving the member's economic status. Ie saving regular borrowing wisely and repaying promptly.

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LIST OF ABBREVIATIONS

AGM	-	Annual General Meeting
ATM	-	Automated teller machine
BOD	-	Board of directors
CC	-	Credit Committee
FOSA	-	Front Office Services Activity
KUSCCO	-	Kenya Union of Savings and Credit Co-operatives
MOI&ED	-	Ministry of Industrialization & Enterprise Development
SACCO	-	Savings and Credit Co-operative
SASRA	-	Sacco Societies Regulatory Authority

1. INTRODUCTION

1.1 Purpose, Scope & Organization of this Policy

The purpose of this Credit policy is to outline guidelines of the SACCO's credit & advances activities. This is designed to primarily assist the credit and operations departments, in performing their duties. Its key objective is to ensure thorough loan appraisal and proper monitoring of all outstanding loans.

1.2 The Credit Policies' Specific Objectives

This policy establishes the guidelines to be followed in the lending process in order to maximize the achievement of the following objectives:

a. Granting Loans on a Solid and Recoverable Basis

All appropriate efforts shall be made to maintain a sound and balanced portfolio in terms of achieving an adequate level of liquidity and a lower risk of the resources channeled as loans.

b. Minimizing Portfolio Risk and Guaranteeing Its Quality

Keeping risk at a reasonable level is of great importance, and loan quality shall prevail over productive opportunities. The maintenance of good loan quality will depend on the granting of sound loans and following up on them by means of a periodic evaluation of the portfolio's quality and the adoption of measures for timely loan recovery.

c. Serving SACCO Members' Real Credit Needs

Provide timely, adequate and competitive responses to justified loan applications, observing that loans represent a valuable way to invest available funds. The SACCO shall maintain an adequate social response to the members in a manner consistent with sound lending principles.

d. Carrying Out the Lending Process within a Legal and Ethical Framework

The Board of Directors, along with the SACCO's other decision-making bodies, officers and employees shall carry out loan processing in total agreement with the ethical guidelines and avoid possible conflicts of interest.

e. Initiating the SACCO's Sustainable Development Process

To reach an adequate level of sustainable development, the structure and profitability of the loan portfolio shall be evaluated periodically in order to guarantee that the loan structure will be sustainable on its own and that, additionally, it will make it possible to increase the institutional capital.

1.3 Basic Requirements for lending

In order for an individual to be declared creditworthy, the person shall, as a minimum, meet the following basic requirements:

- 1) Be of full age (18 years).
- 2) Must have completed at least SIX (6) months membership and be up to date in the payment of entrance fee, share capital and monthly contribution.
- 3) Have a definite productive activity or show certain economic income to ensure that the payments will be properly made for borrowing.
- 4) Possess satisfactory, measurable and legal security for borrowing. Including the following savings, guarantorship, title deeds, logbooks, and share certificates among others.
- 5) Have an adequate credit history for borrowing.
- 6) Demonstrate the ability to carry out the project in which they are to make their corresponding investments.
- 7) Be engaged in legal activities

2. GENERAL POLICIES

The general policies that shall govern the SACCO's activities are as follows:

1. Access to the Credit Service

The SACCO shall offer its credit services to individuals or entities that meet the requirements for membership and comply with the policies and requirements of creditworthiness. Every SACCO member shall be entitled to submit his loan applications before 10th of every month and receive a response thereto, either approving or denying it within the same month.

2. Basis for Granting Loans

The SACCO's loan portfolio shall consist entirely of recoverable loans. Therefore, the granting of loans shall be based primarily on the member's ability or capacity to repay, and not only on the quality of the security offered by the borrower. Although the latter will also be taken into account, it will not be a determining factor in granting the loan. Likewise, the security shall be taken into account provided it is first mortgaged or pledged to the SACCO and has been legally secured in favor of the SACCO.

3. Loan Repayment

Every loan shall be amortized or paid off according to the original agreement and, for no reason or circumstance, will the due dates set forth in the initial contracts be restructured, extended or amended without the authority of the full board. All of the loans shall return to the SACCO with their respective payments of principal, current interest and maintenance of the monetary value, as well as the respective late interest, if called for.

The loan shall be recovered and/or repaid in cash or cash equivalents. Therefore, by all possible means, cash recovery of the loan shall be the goal. Accordingly, collection by the SACCO will be bold, efficient, and effective. Equally important, legal action taken by an attorney and court action exists as second attempts at collection. Pledged or mortgaged securities will be the portfolio's last line of protection and not the first.

4. Balance between Risk and Efficiency

A credit service per se is risky because several variables come into play, some of which can be controlled by the SACCO while others are beyond its control. Therefore, the Sacco shall maintain an adequate balance between safety in granting a loan and the competitiveness and quality of the service offered by the SACCO in terms of disbursement installments and record processing. This balance shall be achieved by an analysis process according to the amount placed at risk by the SACCO, i.e., the larger the amount requested, the more thorough the SACCO's analysis and demands.

5. Protecting the Loan Portfolio

The SACCO shall periodically evaluate the quality of its portfolio and, at the same time, make adequate provisions for its protection. The SACCO provision will evaluate 100% all loans delinquent for more than 12 months and 1% for loans delinquent between one and 3 months. After having exhausted all collection measures, including the completion or stagnation of court action, the SACCO shall charge off loans rated unrecoverable.

For the protection against and adequate handling of bad loans, the SACCO shall adopt as its policy and standard an adequate estimate of the portfolio and shall charge off these bad loans against the shares and savings of the borrowers and guarantors of these loans.

6. Loan Competitiveness and Timeliness

An ongoing analysis of the members' true needs shall be maintained and new credit products shall be developed or the existing ones readapted. This is for the sake of ensuring a timely and adequate response to each member's individual situation.

The SACCO shall be a **financial adviser** to each of its members and, prior to granting the loan, shall orient the members or applicants regarding their true capabilities and the amounts and deadlines most suitable for both the SACCO and the member.

7. Loan Level Based on the Assets

The total amount of the SACCO's disbursed and outstanding loans shall not be less than 70% of the SACCO's total assets. These proportions are established on the basis of the need to maintain an adequate level of liquidity to satisfy the demand for savings withdrawals by the users and set up an adequate structure in the loan portfolio.

8. Credit Service

The SACCO shall concentrate its attention on its credit service, drawing primarily on local resources. Therefore, the lending service must be the SACCO's best service in conjunction with the mobilization of savings and shares. To this end, the maximum level of efficiency in the timeliness of its delivery, amounts adjusted to needs and members' payment ability shall be sought, as well as the SACCO's availabilities, as it seeks to broaden and diversify access to credit by avoiding the concentration of the risk in the hands of a few members and for a limited number of loan purposes.

The credit offered shall be available under conditions of adjustable and competitive interest rates within the financial market place, and intermediation spreads shall be sought to guarantee covering the finance charge, overhead and operating expenses, portfolio protection, strengthening of institutional capital and the generation of a reasonable surplus.

9. Loan disclosure

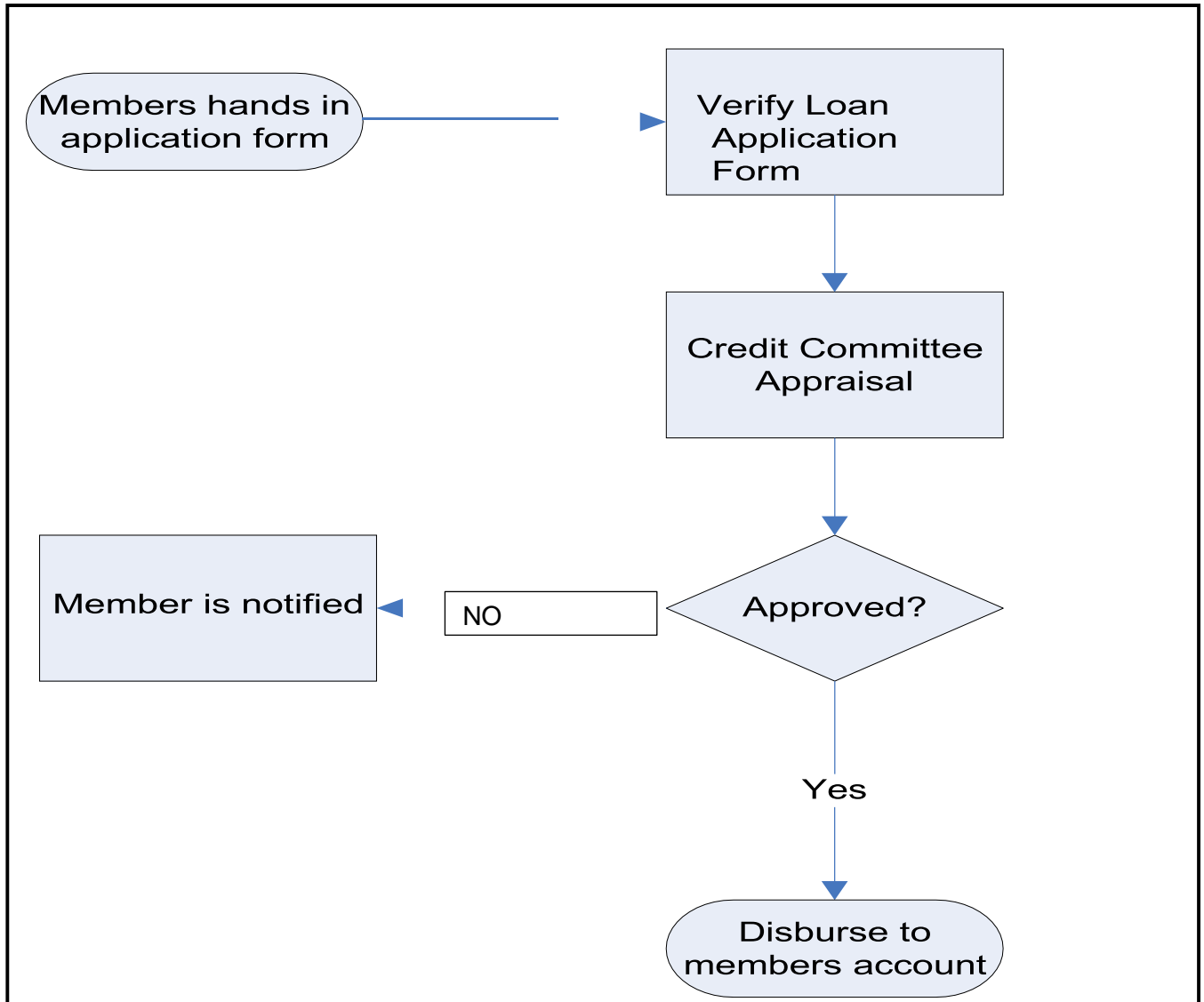
The SACCO shall provide a debt/ loan disclosure information to members highlighting loan charges, interest rates, other charges and penalties. Members shall be required to sign and take a copy of the loan disclosure document.

3 SPECIFIC POLICIES

The specific policies under which the loan shall be governed, guided and granted are those described below in the order in which they appear:

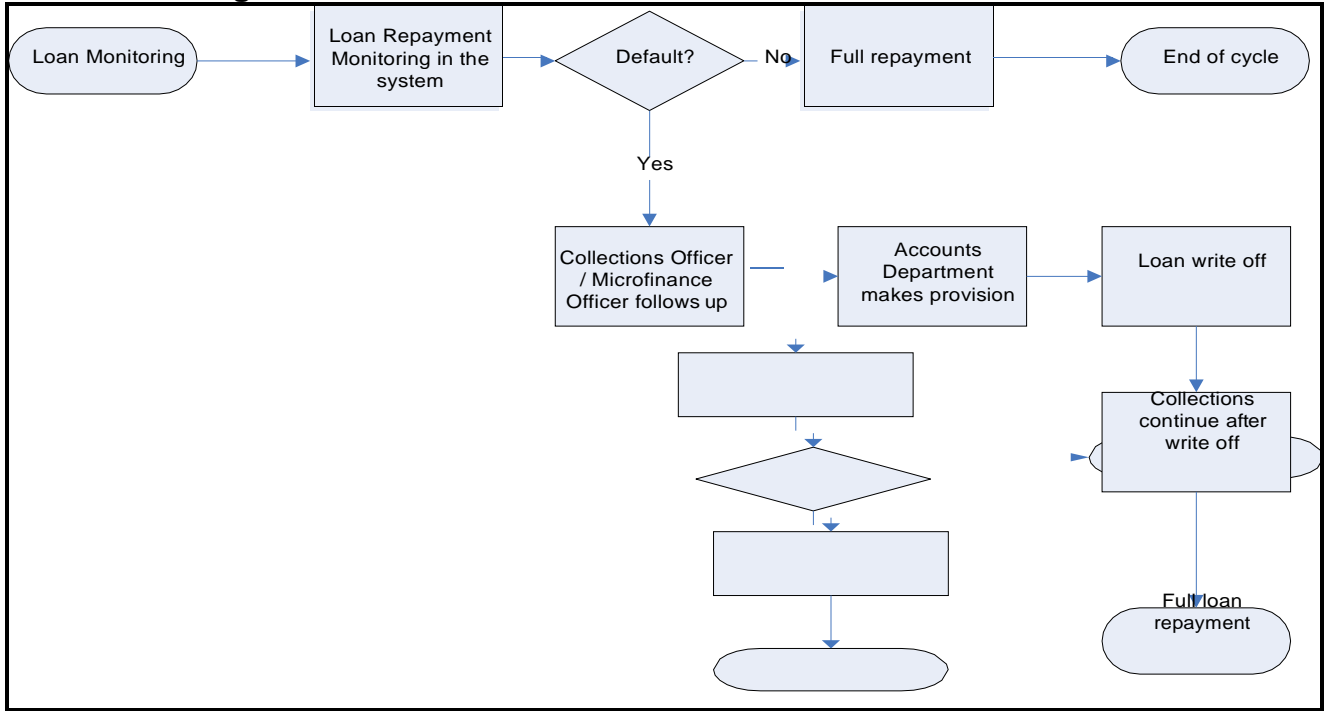
3.1 LOAN PROCEDURES

Process of Lending to Individual Members



Description	<p>Step 1</p> <ul style="list-style-type: none"> Member hands in loan application- at this point the member will have met all eligibility procedures The application is accepted by administrative assistant or member services officer <p>Step 2</p> <ul style="list-style-type: none"> Loan application form is verified and appraised by loan officer/ credit officer and if all the requirements are met, it is forwarded to the Credit Committee <p>Step 3</p> <ul style="list-style-type: none"> The BOD vets the application and forwards it to the credit committee who can either reject or approve based on predetermined criteria. <p>Step 4</p> <ul style="list-style-type: none"> Communication of the decision- if the Credit committee approves the loan is disbursed into the members account. If it is rejected the decision is communicated to the member within 24 hours.
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Loan Monitoring Process



Description	<p><i>Step 1</i></p> <ul style="list-style-type: none"> • <i>Loan monitoring begins after loans have been disbursed</i> <p><i>Step 2</i></p> <ul style="list-style-type: none"> • <i>The Credit Officer does loan monitoring in the system, reports on arrears are generated on periodically basis.</i> <p><i>Step3</i></p> <ul style="list-style-type: none"> • <i>Members in arrears are identified and collections department is notified.</i> • <i>Member is notified of the arrears on monthly basis and advised to pay up the arrears</i> • <i>The guarantors are accordingly informed of their guarantee obligation should the loanee fail to service his loan according to terms within a period of 3 months</i> <p><i>Step 4</i></p> <ul style="list-style-type: none"> • <i>The accounts department makes provision for loan loss</i> • <i>The credit committee prepares a report for bad loans due for write-off</i> <p><i>Step 5</i></p> <ul style="list-style-type: none"> • <i>The BOD after due diligent consideration of the recovery process put in place approves loan write-off</i> <p><i>Step 6</i></p> <ul style="list-style-type: none"> • <i>Continue collection efforts to recover the loan in full</i>
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4 LENDING AND LEVEL OF APPROVAL

4.1 LENDING AUTHORITIES AND LEVELS OF APPROVAL

- a) The BOD shall also rule on all loan applications that go beyond the powers of the Credit Committee decision-making level (requiring waivers) any other authority is appointed by the Board by way of delegation. There shall be a credit committee with ultimate responsibility for the approval of loans according to the set mandates.
- b) The Credit Committee shall meet regularly and on special basis as many times as necessary, subject to a prior call to meeting by one of its members.
- c) The three members of the Credit committee shall meet to review loans and approve per specified limits and security and consider other loan applications.
- d) The Credit Committee shall approve loans based on CAMPARI – Character, Ability, Margin, Purpose, Amount, Repayment and Insurance to analyze the applicant’s character, capacity, ability to pay, capital and collateral offered.

- e) When conditions for approval have been certified, loan will be approved by a majority decision of the Credit Committee.
- f) Members will be informed immediately of the decision passed on the fate of their applications and reasons for passing a rejection decision.
- g) The may approve loan applications based on the limits specified by the Board of Directors provided such loans are fully (100%) secured by the deposits and guarantors. Any loan above the authority or not otherwise secured shall be referred to the Credit Committee. The rate of interest rates shall be prescribed by the Management and Approved by the Board.
- h) The Authority of delegation shall be based on the loan amount, term and type, the nature of the risk and experience of the delegated authorities
- i) Loans/advances/ overdrafts approval authority levels. Approval authority levels shall be applied.

5.0 CREDIT FACILITIES ADMINISTRATION

5.1 Eligibility for a Loan

- a) Lum some contribution paid in cash, cheque towards building members deposit shall remain in the Society for at least three (3) months before once qualifies for a loan, and a period of 6 months before you qualify for rebates.(The sacco will require proof/ origin and source of the money deposited in Hurima sacco, should it exceed Kshs. 300,000)
- b) A member applying for a loan should undertake to pledge future salary from any employer towards loan repayment before such a loan is granted by the Sacco Society.
- c) All loans shall be restricted to members only and shall be processed and appraised by the credit officer and approved according to the mandates given by the Board of Directors.
- d) No member shall be present nor participate in the consideration of his/her loan application. However, in case of technicalities a member may be called for consultation and clarification.

- e) Where a member leaves the common bond by virtue of transfer or retirement, he/she may continue to be a member of that society or may transfer all his/her non-withdrawable deposits to the society which he/she intends to join under the new employer.
- f) All new applicants for membership must provide written proof from their previous employer and the management of the previous society that they do not have outstanding liability in the society and that they are no longer members of the same society.
- g) Where a member changes employers, he/she may transfer his/her non-withdraw-able deposits to the society of the new employer, and will be deemed to have joined the society of his/her new employer from the time he/she became a member of the society of his/her former employer. In all cases, a member must clear any outstanding loan with the society of his/her old employer. The society of his/her first employer shall transfer non-withdrawable deposits direct to the society of his/her new employer.
- h) A member cannot be paid his/her non-withdraw-able deposits or transfers his non-withdraw- able deposits on leaving the Sacco unless all his liabilities have been recovered in full. The Manger is mandated to ensure full recovery of any such liabilities or the same shall be responsible for any loss to the society.
- i) All loans to staff, BOD & Supervisory Committee members shall be appraised by the Credit Officer, recommended by the Manager to the Board of Directors for approval. No applicant of the loan shall be present when his/her loan application is being considered by the BOD. The loans will be communicated respective authority.
- j) An employee who tampers with his/her and or members' monthly non-withdraw-able deposit contribution and loan repayment is liable to prosecution under the Co-operative Societies Act and disciplinary action for misconduct.

5.2 Procedures of Granting Loans

- a) Loan applications shall be considered in the order in which they are received (i.e. First In First Out) provided that whenever there are more applications for loans than the available funds; preference shall be given in the following order:-
 - Members who have never had loans.
 - New members who have qualified for loans.
 - Members who have cleared their first loans and have applied for fresh loans.
- b) The maximum amount of loan granted to a member shall not exceed three times a member's non- withdraw-able deposits. Where total deductions exceed two thirds of a member's Gross salary, the loan shall be reduced accordingly.
- c) The loan forms having being fully completed and necessary attachments done, they go through the loans department where the department will :
 - Appraise
 - Forward to the Credit Committee. for vetting
- d) No member will be allowed to withdraw part of his/her non-withdraw-able deposits or offset part of the outstanding loan against non-withdraw-able deposits unless he/she ceases to be a member

5.3 Appraisal of Loans

- a) Appraisal of loan application shall be strictly based on member's ability to repay the loan and shall be based on the 1/3 rule.
- b) A member's net pay should be enough to cover the monthly loan installment. The appraising officer should advice members accordingly. System appraised figure shall be followed strictly.
- c) Only income that is consistent shall be considered during appraisal. Such income excludes rental house allowance, overtime, acting allowance and leave allowance for salaried member
- d) While a member is free to repay the loan from any other source besides the net salary, under no circumstances should these other sources be taken into account in determining the member's ability to repay the loan at the time of loan granting.
- e) During the appraisal of the loan the committee shall apply the 5Cs
 - Character evaluation
 - Capacity – Ability to pay
 - Collaterals – Logbook, title deeds

- Capital – Financial Stability of the SACCO
- Conditions- Internal, External (POSTEL) etc.

5.4 Guarantee

Definition

Guarantorship is a commitment that one take that he /she is ready to pay for the amount of money has been defaulted by the loanee

The guarantor guarantees time (period of time one has guaranteed different types of loans) and amount. (Money guaranteed)

Types of guarantorship. There are 2 types

1. Self – A member is entitled to guarantee himself provided he meets the following qualifications.
 - a. Not guaranteed anyone
 - b. Has no Loan
 - c. Entitled to up to 80% of his total deposits.
2. Collective – A lonee can take more what he /she has save. (3 times what they have saved or secured by collateral)
 - a) Unless the loan applied for is equal to or less than a member's non-withdraw able deposits, it must be secured by guarantors.
 - b) The total non-withdraw-able deposits of the borrower and those of the guarantor(s) must be equal to or more than the loan applied for.
 - c) A member's non-withdraw-able deposits pledged as security for another member's loan shall not be surrendered to offset his/her outstanding loan, unless the former can provide an alternative security for the latter's loan.
 - d) All guarantors must be members of the society. No member shall be allowed to guarantee more than his/her total non-withdraw-able deposits.
 - e) No director, officer, employee or a member of the board of a SACCO shall act as a guarantor of any person with respect to a loan advanced or credit facility granted to a person by that society and shall not guarantee loans among themselves.

- f) The society shall maintain a record of all guarantors to every loan in each member's personal file.
- g) The obligations of the previous guarantors shall cease upon change of guarantors but subject to new guarantors being accepted by the society. The obligation of the guarantors shall also cease when loans guaranteed have been reduced to or less than the member's non-withdraw-able deposits.
- h) Unless the loan applied for is equal to or less than a member's deposits, it must be secured by a guarantor(s). The total deposits of the borrower and those of the guarantor(s) must be equal to or more than loans applied for.
- i) No member will be allowed to guarantee more than four loans. All guarantors must be members of the society.

5.5 Other Securities

- a) Pledges in form of articles like share certificates; land title deeds owned by member and within a municipality, share certificate, logbook (60%) up to surrender value may be accepted. The society shall process such documents at the loanee's cost and shall deposit such articles in the bank for safe custody; but must be handed back to the member immediately the loan balance equals the member non-withdraw-able deposits.
- b) Confirmation as regards the validity of the articles so pledged from the issuing authority shall be obtained before such documents can be admitted as security for the loan.
- c) Being a last resort action, upon which the society can fall back to, if the proposal does not materialize, the security shall have the following features.
 - i) Its value must adequately cover the loan (principal and interest) and leave a good margin.
 - ii) It must be easy to dispose off (sellable).
 - iii) It should be the type whose market value appreciates with time.
 - iv) It must not be prone to vandalism or high wear and tear.
 - v) The property/asset must be owned by the member

5.6 Perfecting of Securities

- a) All the security offered as collateral for loans shall be duly perfected in accordance with the legal provisions.
- b) All the necessary valuations and inspections shall be undertaken by the society's appointed and registered valuers at the borrower's expense before funds are released to the borrower.
- c) The securities shall be fully insured against all risks and the premiums must be paid up to date and the society's lien incorporated in such policy.
- d) Any encumbrances to the security shall be determined and the society's charge against such securities must be registered with the relevant office.
- e) All the security documents of ownership shall be submitted to the society for safekeeping and charging in accordance with existing legal provisions.
- f) The titles to the securities offered must be clean, all government rates, rents and licenses must be paid up to date.
- g) A certificate of security compliance shall be signed by the credit officer and a copy attached on the loan application before funds are released to the borrower. Such certificate shall indicate that the various items in the security **perfection** have been accomplished.
- h) The valuation of the property and legal fees shall be paid by the member. The valuer shall be a person registered under the law

5.7 Exercise of Guarantee

- a) After one month non repayment, the defaulter shall be notified in writing about his delay to service the loan.
- b) If by the second month his repayment has not regularized, a demand notice shall be written to him and copied to the guarantors.
- c) After the third month of non- repayment, the guarantor's deposits shall be used to offset the loan without further notice.

5.8 Withdrawal from Society

- a) Where a member wishes to withdraw from a society's membership, he/she may be required to give the society a written notice of up to 60 days of his/her intention to withdraw.
- b) No member shall be allowed to withdraw from a society membership unless the member's loan is repaid in full or the loan balance can be fully offset by the member's shares. Such a member shall have to satisfy the society that all loans guaranteed have been paid in full or the balance does not exceed the non-withdraw-able deposits of the members whose loans were guaranteed.
- c) The member wishing to withdraw guarantorship must ask the loanee to provide alternative guarantee.
 - (i) A member who retires from the common bond, but retains his/her membership in a Co-operative society, shall be granted loan only up to the limit of his/her non- withdraw-able deposits.
 - (ii) A member who withdraws due to retirement or resignation will be required to clear all outstanding loans and provide alternative guarantors in case of loans guaranteed before retirement or resignation.
 - (iii) Where a member who is retiring or resigning is not able to clear immediately, he/she will be required to make arrangements with the society for repayments.
 - (iv) The society will be required to ensure that no loan is granted whose repayment period goes beyond the retirement/resignation date of a member.

6.0 TYPES OF CREDIT FACILITIES

The SACCO may offer different credit products, depending on the credit record of the members, the degree of automation of the SACCO, and the needs of its members.

LOAN products

The Sacco offers a wide range of financial services in BOSA; in the BOSA, the following products are offered;

1. **DEVELOPMENT**

Development loans shall be considered in the order in which they are received first come first served basis. Priority shall be given in the following order:-

- i. Members who have never had loans before;
 - ii. new members who have qualified for loans; and
 - iii. Members who have cleared their previous loans and have applied for fresh loans.
-
- i. The maximum amount of loan granted to a member shall not exceed 3 times the members' deposits. But all individual contributors will be granted loans not exceeding 3 times their deposits (refer to clause 5.3 above). Where deductions will exceed two thirds of a member's basic salary, the loan shall be reduced accordingly.
 - ii. Repayment period for Development loans shall not exceed 36 months subject to changes made during AGM from time to time.
 - iii. Every member applying for a development Loan must have completed repaying all other loans at the time of application.
 - iv. Any member clearing any outstanding loans in cash/cheque outside check-off system is entitled to get another loan subject to availability of funds.
 - v. Interest rate for the loan is @ 1% per month on reducing balance
 - i. Monthly minimum deposit contribution will be a minimum of Shs. 1,000=, subjected to changes made at AGM from time to time.

2. **TOP UP**

Top Up loans are only applicable to members who are servicing development loans subject to the following

- I. Paid 2/3 of the existing loan (67%).
- II. A one off interest of 5% of outstanding amount.
- III. Top up, loan will be treated as new loan and will follow the new procedures.
- IV. The applicant will be entitled to pay the loan at 36 months.

4. **EMERGENCY**

Emergencies include sudden hospitalization, funeral expenses, court matters, unforeseen calamities. All cases, emergency loan applications must have documentary evidence as follows;

- Invoice from a recognized hospital
- Funeral burial permit
- Court Matter –Legal document for Police or Court

The following condition applies

- i. Only entitled to one emergency in a year and payable in the same year.
- ii. Every member shall be entitled to only one emergency loan not exceeding Kshs.100, 000= at a time.
- iii. It attracts interest at the rate of 1% per month on the reducing balance.

5. **SCHOOLFEE**

School fee Loans may be granted to a member who have school going students and the following conditions to be adhered.

- I. Documented evidence of a registered institution
- II. A bankers cheque to be written directly to the school
- III. Repayment Period within the same year
- IV. It attracts interest at the rate of 1% per month on the reducing balance.
- V.

6. **University/ College LOANS**

University/College fee Loans may be granted to a member who want to advance in there members and dependents and the following conditions to be adhered.

- I. Proforma evidence of a registered institution
- II. A bankers cheque to be written directly to the institution
- III. Repayment Period within the one academic calendar year
- IV. It attracts interest at the rate of 1% per month on the reducing balance.

7.

Instant Loans

Will be given to members without any documentary evident not addressed in this loan policy. Such will include rent, shopping etc

The following conditions will apply

- I. Interest will be 3% on a flat rate basis
- II. The repayment period will be 6 months
- III. The maximum amount is 100,000 subject to ability to pay

8.

Project Loans

Will be given to members who wants to acquire a fixed asset or movable property

The following conditions will apply

- I. Provide an invoice of the asset
- II. Interest will be 2% on a flat rate basis
- III. The repayment period will be 12 months

9.

Holiday Loans

This is a loan availed to members who wants to go on vacations/Holiday. The following conditions should be followed;

- I. Regular contributor
- II. Interest will be 5% on a flat rate basis
- III. Maximum of 50,000
- IV. The repayment period will be 6 months

Savings Products

- I. Holiday Savings – Saving for Holiday (minimum 6 Months)
- II. WSS – Withdrawable Saving Scheme (3%) after 4 Months
- III. Project Savings – Savings.

GENERAL LENDING REQUIREMENTS.

1. All loans will be processed on the principal of first come first served basis
2. All loans must be guaranteed unless the applicant's deposits are higher than the loan applied and has not guaranteed any other loan.
3. The 2/3 Gross salary rule shall be observed at all times
4. No new loan will be processed unless the previous ones are being serviced according to terms
5. Any loan not being serviced will attract accrued interest for every month in default
6. No loan shall be granted in excess of 10% of the total Society deposits and reserves
7. Every loan being retired prematurely shall attract interest for three months
8. Every loan processed will attract an initial interest at the rate of 2.5 % of the loan granted

7.0 LOAN REPAYMENT GUIDELINES.

- a) The loan repayment period shall be determined by the BOD .Repayment terms shall show clearly amounts repayable relating to the principal loan and interests.
- b) Deductions for loan repayments shall commence not later than one month following that in which the loan was approved to the member.
- c) Loans will be repaid from a member's salary and no member should be allowed to suffer total deductions (including savings, loan repayment and interest) in excess of two thirds of his/her monthly Gross salary. Nothing in the foregoing need prevent any member from repaying his/her loan and interest in whole, or in part, prior to its maturity.

7.1 Delinquency Management.

- a) It is the responsibility of the BOD, management staff, credit committee and the Credit Officer to ensure that only quality loans are granted to minimize on defaults.
- b) All loans granted shall be in line with the stipulated loan policy.
- c) All Sacco facilities shall at all times be managed through the ICT system as a means of controlling delinquency in the society.

7.2 LOAN RECOVERY PROCESS

The process of realizing the security shall depend on its nature; however the following shall form the general procedures to be followed:

- i) The defaulter shall be given three demand notices through his last known address
- ii) The guarantors shall be given copies of the demand notices to inform them on the non-repayment by the borrower
- iii) The society shall refer the matter to the society's lawyer/Cooperative tribunal/ Debt Collectors(CRB) in writing for necessary legal action and subsequent sell of the securities/
- iv) The proceeds realized from the sale of security shall liquidate the outstanding loans plus interest and any incidental costs
- v) The balance of the sale shall be given to the member less any charges levied

- vi) Where the sale proceeds does not cover the loan outstanding, the guarantors must be sought to honor their guarantee and pay.

7.3 WITHDRAWAL

Member who want to withdraw must give notice of 60 working days.

Conditions

1. Not have an existing loan
2. Not guaranteed a loan
3. Good Standing order condition

8.0 DECLARATION/SIGNATURES

We, the undersigned, individually and collectively, give commitment to the implementation of the Credit Policy by appending our signatures.

Board of Directors

	Name	Position	Signature
1	Nicholas Magambo	Chairman	
2	Titus Bush	Vice Chairman	
3	Shakila Wazir	Secretary	
4	Joseph Ndeta	Treasurer	
5	Nancy Nanzala	Chair- CC	
6	Mahmoud	Member- CC	
7	Geoffrey Ovita	Member- CC	
8	Alex Otwori	Chair- SC	
9	Peter Akuma	Secretary- SC	
10	Collins Okoyo	Member- SC	
11	Omusungu Gabriel	Secretary- EC	
12	Brian Karimi	Member- EC	

Witnessed by: George Mutwiri Mugambi
CHIEF EXECUTIVE OFFICER

.....
SIGNATURE

Date.