



MOMBO

Sacco

Endless possibilities

MOMBO SAVINGS
AND
CREDIT CO-OPERATIVE SOCIETY
LIMITED

BY – LAWS (2019)

Complies with Co-operative Societies
(Amendment) Act, 2004 and Co-operative Societies Rules, 2004

Registered as a Savings and Credit Co-operative Society

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1. NAME/AREA OF OPERATION

The society is called MOMBO SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED hereinafter referred to in these by – laws, as “the society” and its area of operation shall be Nairobi County within the Republic of Kenya.

2. REGISTERED OFFICE / POSTAL ADDRESS

The registered office of the Society shall be at Landmark Plaza 13th Floor in Nairobi County and its Postal Address shall be P. O. Box 105034-00101 Nairobi.

Notice of any change of address shall be given to the Commissioner for Co-operative Development, (herein after referred to as “the Commissioner”) and to all the members of the society and to all the members of the Society through their last known address in the society’s records.

3. DEFINITIONS / INTERPRETATIONS

3.1 INTERPRETATIONS

- i In these bylaws, unless the context otherwise requires, words or phrases shall be defined or interpreted in accordance with the Co-operative Societies Act of 1997 as amended in Co – operative Societies Act 2004 and Co-operative societies rules 2004 or any other amendments’ that shall consequently be made thereunder, hereinafter referred to as “THE ACT” and “THE RULES RESPECTIVELY.”
- ii Any question concerning interpretation of these bylaws or any other matters not provided for therein, errors and omissions should be referred to the co – operative tribunal.
- iii In these bylaws where the masculine gender is referred to, it will be construed to include the feminine gender.
- iv Any questions or dispute concerning the interpretation of these By-laws shall be referred to the Tribunal.

3.2 DEFINITIONS

- **ACT:** - Means the Co-operatives Societies Act of 1997 as amended in Co-operative Societies Act 2004.
- **BY-LAWS:** Means the By-Laws made by the society and registered under the Act and includes any registered amendments of such By-Laws.
- **COMMON BOND-** Means the basis for co-operation between members of the society (what makes members of the society come together.)



- **CO-OPERATIVE TRIBUNAL:-** Means a judicial court that is charged with powers of handling co- operative societies' disputes.
- **COMMISSIONER:-** Means the commissioner for Co – operative Development.
- **BOARD OF DIRECTORS:-** Persons elected in a duly convened general meeting to govern the business of the sacco society as provided by these by-laws hereinafter referred to “The Board”
- **FOSA:-** Means Front Office Service Activity.
- **FOSA DEPOSITS:-** Means the amount of money deposited by a customer to FOSA account which is withdraw able at a short notice.
- **SACCO:-** Stands for Savings And Credit Co-operative
- **SHARE:** Means the amount of money contributed by each member towards the capital of the society and which is not refundable to the member, it is the permanent capital of the society.
- **SUPERVISORY COMMITTEE:** means the oversight committee elected at a general meeting.
- **MEMBER IN GOOD STANDING:-** means a member who is current in payment of his required contributions and has fully complied with the policies and Rules set forth by the society.
- **SAVINGS:-** Means the amount of money contributed by each member as Savings with the society and which is refundable to him upon cessation of membership in accordance to the by-laws.
- **CABINET SECRETARY:-** Means a Government Cabinet Secretary in charge of Co-operative affairs.
- **NET SURPLUS:-** Means the amount of income in excess of expenses of the society. It is computed before an allocation is made for payment for member's dividend / interest on Shares respectively.
- **RULES:-** Means Co-operative Societies Rules, 2004.

4. BINDING POWERS OF THE BY-LAWS.

These By-Laws, shall, when registered, bind the Society and the members thereof to the same extent as if they were signed by each member and contained covenants on the part of each member for him or herself and his/her personal representatives to observe all the provisions of the By-Laws.



5. OBJECTS OF THE SOCIETY.

The object for which the Society is established is to organize and promote the economic interest of its members in accordance with Co-operative principles. These include: -

- i To promote thrift among its members by affording them an opportunity for accumulating their Savings and deposits to create thereby a source of funds from which loans can be made available to them at a reasonable rate of interest.
- ii To provide an opportunity for each of its members to improve his/her respective economic and social conditions.
- iii To in due course offer the members complementary savings and credit services and other financial products such as front office service or withdrawable savings/deposit accounts as may be required by members from time to time.
- iv To offer the members investment opportunities in any business or transaction which the Society is authorized to carry on or engage in.
- v To ensure safety and soundness of the members' funds through risk management programmes or any other appropriate insurance scheme.
- vi To ensure progress of its members by educating them continuously on proper use of credit.
- vii To perform all those functions and exercise those powers designated for Savings and Credit Cooperative societies under the applicable law for the benefit of members.
- viii To co-operate with other co-operatives in order to promote members' interest and in furtherance of this object, the Society shall affiliate to National Co-operative Organizations such as the Co-operative Alliance of Kenya.
- ix To perform within the relevant law (The Act, the Rules) and these By-laws, all those acts, deeds and things necessary to further enhance, promote or encourage any or all of the foregoing purposes and objects provided that such acts, deed and things are approved by the Annual General Meeting.

6. CO – OPERATIVE PRINCIPLES AND VALUES

In order to achieve the above objects for which it is established, the society shall Act in accordance with the internationally accepted Co – operative Principles and values stated below: -



6.1 THE PRINCIPLES.

i Voluntary and Open Membership

The primary purpose of the Society is to serve its members and as applicable, non-members, in a prudent and effective manner. Within its capacity to admit members, the Society is open on a voluntary basis, without political, religious, gender or social discrimination, to all who can contribute to, and benefit from their activities.

ii Democratic Member Control

The Society is a democratic and participatory organization actively controlled by its members enjoying equal voting rights, on a one member, one vote basis.

Administration is conducted, and control is exercised in a suitable democratic manner. The Board which is responsible for the administration of the Society involves members, managers and other employees, according to their roles, in making decisions and setting policies.

iii Economic Participation by Members

Members contribute equitably to the Capital of the Society and share in the results of its operations. At least a portion of the Society's Capital is owned collectively, intended to further the long-term purposes for which the co-operative exists.

Members allocate surpluses for any or all of the following purposes: -

- Developing the business of the Co-operatives;
- Benefiting members in proportion to their involvement with the Co-operative; and
- Encouraging further development of the Co-operative movement.

iv Educating, Training and Information

The Society fosters reciprocal, ongoing education programmes for members, leaders and employees, so they can teach and learn from each other in understanding and carrying out their respective roles.

v Co-operation among Co-operatives

In order to best serve the interests of their members and their communities, the Society actively cooperates in every practical way with other Co-operatives locally, nationally and internationally.



vi Autonomy and Independence

The Society is an autonomous, mutual-help organization controlled by its members. Where the Society enters into agreement with governments and other organizations, it does so freely and on mutually acceptable terms that ensure their autonomy.

vii Concern for Community in General

The Society is concerned about the community's in which it exists. While focusing on members' needs, it strives for the sustainable development of those communities through policies that are respectful of the environment and acceptable to the membership.

6.2 THE VALUES

All the Society's activities will be guided by the following six (3) Core Values: -

- i Simplicity.
- ii Control.
- iii Consistency.

7. MEMBERSHIP

Members shall consist of;

- i Original members who signed the application for registration.
- ii New members subsequently admitted in accordance with these by – laws.

7.1 QUALIFICATIONS FOR MEMBERSHIP

A person of either sex shall be eligible for membership who possesses all of the following qualifications:

- i Has attained the age of eighteen years;
- ii His employment, occupation, profession or business interest falls within the category or description of those for which the co-operative society is formed;
- iii Has interest or resides in the society's area of operation. A member who moves out of the common bond can retain his membership if he so wishes.



- iv Is of Good character and sound mind.
- v Accepts to abide by and observe the provisions of these By-laws and other regulations and resolutions made by the members regarding the operations of the society.
- vi Regardless of the qualification for membership provided for under the repelled by-laws the membership of the Society as at the time of the registration of these amended by-laws stands regularized.

7.2 MEMBERSHIP APPLICATION FORM

Every applicant for membership shall complete an “Application for Membership” attaching all the documents required for membership. The form shall be prescribed by the Board.

7.3 ADMISSION INTO MEMBERSHIP

- i An applicant shall be admitted to membership on being accepted by majority votes of the Board subject to confirmation by the next General Meeting.
- ii Such person shall not qualify for the rights and privileges of membership until he/she has paid both the prescribed entrance fee and the minimum share capital as shall be prescribed by the Board and adopted at a general meeting of the Society. Such a member shall commit himself to paying monthly savings as shall be subscribed.
- iii On being accepted by the general meeting, the Board shall cause his name to be put in the Register of members of the Society.
- iv A number unique to the member shall be assigned as a means of identifying his account with the society.

7.4 REFUSAL OF MEMBERSHIP

The Board may refuse membership to any person by giving him reasons for its refusal, provided, however, that the person, whose membership has been declined, if otherwise eligible for membership, shall have the right to appeal at the next General meeting. Any such appeal must be supported by at least ten (10) members.



7.5 NOMINEE

- i Every member shall nominate in writing one or more persons to whom upon his death, his shares, savings or any other interest shall be transferred.
- ii The particulars of the nominee(s) shall be recorded and kept in the custody of the Board and the reference / particulars shall be entered in the Register of members.
- iii A member may at any time change his nominee(s) provided that, such changes or alterations are done in writing and signed by the member.
- iv In the event the nominee is a minor, the member of the Society shall elect a trustee.
- v If no such person is nominated, such person as may appear to the Board of the Society as the Personal representative of the deceased member.
- vi All disputes in relation to the deceased members' interests, savings or contributions shall be referred to the tribunal.

7.6 PAYMENT TO NOMINEE

- i If either of such person's i.e a nominee or a personal representative is not qualified under the Act or the by-laws for membership, the nominee(s) shall be paid the value of the deceased member's savings or assets less any sum due to the Society as a primary or contingent liability.
- ii For purposes of (i) above It is to be noted that such nominee, even in instances where they are eligible to membership, reserve the right to decline membership to the Society. In such event, such person shall be paid in accordance to the provisions of 7(i) above.
- iii The payment to nominee shall be done upon receiving the death Certificate of the member, but not later than 90 days from the date of such receipt.
- iv Refusal to admit a nominee shall be in writing and adequate reasons provided.

7.7 MEMBERSHIP RIGHTS AND OBLIGATIONS

7.7.1 RIGHTS

Subject to these by – laws, policies, standards and procedures of the Society, all members shall have the right to use the society's services and exercise the rights established under the Act, the Rules and the by – laws. The members are entitled to: -



- i Receive, periodically and regularly, or upon request and at least 4 times a year, a statement of accounts containing the individual records of his debit and Credit transactions.
- ii Attend and participate at the General meeting of members. Each member shall have one vote irrespective of the member's total Shareholding.
- iii Elect or be elected to the Board of the Society.
- iv Submit projects or initiatives to the Board for consideration that focus on the expansion or improvement of society.
- v Other rights as prescribed by the applicable law.

2.) Without prejudice to the foregoing, no member of the Society shall exercise the stated rights of a member unless he has made such payment to the society in respect of membership or has acquired such interest in the society as prescribed under these by-laws.

7.7.2 OBLIGATIONS

Subject to these by – laws, policies, standards and procedures, all members have the following obligations to the society: -

- i To repay all outstanding loans according to the terms and conditions stated in the loan agreement.
- ii To promptly make all required contributions.
- iii To observe and abide by all terms and conditions of the Co – operative Societies Act, Rules, these By-laws, policies and contracts of the society.
- iv To put forth qualified candidates for office.
- v To support issues put forth that improves the sustainability of the society and promotes the good will of all members.
- vi To attend and actively participate in meetings of the society.



7.8 CESSATION OF MEMBERSHIP

Membership to the society shall cease upon the death of a member.

In addition, membership to the Society may cease upon consideration by the Board under in the following instances;

- a. Ceasing to hold the qualification for membership as specified in these By-laws, the Rules or the Act.
- b. Expulsion from the Society.
- c. Withdrawal of his savings.
- d. Voluntary withdrawal from the Society in accordance with these By-laws
- e. Becoming certifiably insane.
- f. Withdrawal of all his shares
- g. On transfer of all his/her shares.
- h. Failure to pay loans for a period of consecutive (3) three months.
- i. Failing to contribute his/her savings for a period of three (3) consistent months or failure to make contributions at least 6 times in a year.

7.9 VOLUNTARY WITHDRAWAL

- i A member shall withdraw from the society by giving sixty (60) days' notice in writing of his intention to withdraw from the society.
- ii The Board must approve such withdrawal and take all the necessary action to refund the member's savings or any other interest due to him upon expiry on the notice.
- iii Should the member have any subsisting liability with the Society at the time of withdrawal from the Society, the exiting member may apply to off-set their loan against their savings at the expiry of the sixty days.
- iv In this case, the Society shall charge a percent of the total savings of the member for purposes of processing the off-setting of the loan. Such percent shall be stipulated in the credit policy.
- v In the event the savings in the members account are not enough to off-set the loan, the member shall be required to settle the balance before the Sacco initiates the process of off-setting the loan from the balance towards the re-payment of the loan.
- vi For avoidance of doubt, interest shall continue to accrue on the loan until payment in full.



7.10 SUSPENSION OR EXPULSION

The Board may suspend or expel, subject to expulsion by the General meeting a member who: -

- i Is convicted in a court of law for a criminal offence involving dishonesty, or is imprisoned for three months or more; or
- ii Willfully fails or refuses to comply with the applicable law, By-laws, policies and procedures of the Society and persists in such failure or refusal.
- iii Acts in any way detrimental or prejudicial to the Society's interest.
- iv Fails to consistently participate in the activities of the Society by amongst other things failing to attend and actively participate in meetings of the society, submitting projects or initiatives to the Board for consideration that focus on the expansion or improvement of society or attending member education forums.
- v Willfully defaults in the repayment of loans due or part of loans due for a period exceeding three months;
- vi Fails to save for three consistent months or at least 6 times in a year or
- vii For any other reason approved by the Annual General Meeting and / or as may be contained in the Society's Code of Ethics.

7.11 SUSPENSION AND EXPULSION PROCEDURE

- i Upon formal and written announcement (by a member or the Board) that a member has committed a violation punishable by suspension or expulsion, the Board shall provide written notice to the member stating the reason(s) for the proposed suspension and subsequent expulsion by the General meeting and grant a member 30 days to prepare his defense.
- ii After this period, taking into consideration the member's defense, the Board shall initiate an administrative inquiry and take a decision on its findings within 15 days.
- iii The decision of the Board can take any one of the following forms;
 - a) Re-instate the member into the membership of the Society if sufficient reasons are advanced; or
 - b) Grant the member a period of time that the Board shall find suitable within which corrective measures are to be taken by the member or;
 - c) Expel the member.
- iv Following the decision of the Board, the said member shall have 10 days to file an appeal against the proposed expulsion with the Supervisory Committee, which shall table this appeal and its findings and recommendations at a General meeting of the Society.



- v The findings at the general meeting shall be final.

7.12 PAYMENTS RESULTING FROM CESSATION OF MEMBERSHIP

- i Withdrawal, expulsion, or termination of membership will not exonerate a member from any existing personal or membership liability.
- ii A member who withdraws or is expelled by the General meeting shall be repaid the following amounts after deduction on any debts owed by him to the society as a borrower, endorser, guarantor or otherwise: -
 - a) The nominal or book value of his savings whichever is less provided however, that the Board shall require a maximum of 60 day's written notice of intention to withdraw savings.
 - b) Any bonus, dividend or interest if any, due to him at the date which membership ceased and
 - c) Any other savings or other sums held by the Society on the member's behalf.
- iii Members who voluntarily withdraw may re-apply for admission furnishing reasons for consideration by the Board.

8 FUNDS OF THE SOCIETY

8.1 SOURCES OF THE FUNDS

- i An entrance fee as may be approved by the Board payable on admission.
- ii An unlimited number of Shares of a value as may be set by the Board with the approval of the Society at a general meeting.
- iii Monthly contributions of minimum amount that shall be determined by the Board as member's savings.
- iv Deposits or loans from members and non-members.
- v 20% Statutory Reserve fund and any other fund established by the General meeting.
- vi Surplus funds resulting from the operations of the Society.
- vii Funds obtained from any lawful sources like grants from Non-Governmental Organizations and other donors or loans from financial institutions.

8.2 APPLICATION OF FUNDS.

The funds of the Society shall be applied for the promotion of the stated objects and purposes of the society set forth in these By-laws and in the applicable law.



9. TRANSFER OF SHARES

- i The transfer or charge of the share or interest of a member in the Society shall be subject to such conditions as to maximum holding laid down under the law and in (iii) below.
- ii A member shall not transfer or charge any share held by him or his interest in the capital of the society or any part thereof, unless;
 - a) he has held such share or interest for at least one year; and
 - b) the transfer or charge is in favour of the society or a member of the society
- iii No member shall hold more than 1/5 (Twenty %) of the total shares at any given time unless such member is a company or whose membership is approved at a general meeting of the Society.
- iv With the approval of the Board, a member may at any time transfer his Shares to another member or next of kin but not to a non-member. Such transfer must be in writing and shall be at nominal value.
- v All transfers of Shares, either from a member to another member or from a deceased member to his nominee must be registered with the Secretary and no transfer shall be valid unless so registered.
- vi The society shall charge a fee as may be determined in the policy of the Sacco developed by the Board to cover such transactions.

10. MEMBER'S LIABILITY

- i The liability of a member shall be limited to the nominal value of the Shares held by him in the society.
- ii In the event of the liquidation, where available funds are insufficient to pay the full nominal value of the Shares/savings held by the member, the funds shall be distributed paripassu and pro rata among the shareholders according to the Shares /savings held by each member.

11. POWER TO BORROW

- i The society shall have power to borrow money as shall from time to time at a general meeting fix the maximum liability which it may incur in loans or deposits from non-members.
- ii Notification of the maximum liability fixed shall be subject to the approval of the Commissioner who may at any time reduce it or impose such condition as he may deem necessary.



- iii Any member of the society may appeal against the decision of the Commissioner made under to the Minister within thirty days of such decision.
- iv For better securing of any loan accepted by the society of this by-law, the society may grant a charge over its assets and over the Shares held in financial institutions or building owned by the society on behalf of the members in accordance with these By-laws. Granting of such charge shall be subject to a special resolution by a general meeting.

12. RATE OF INTEREST

The Board shall determine the rate of interest on loans from time to time as shall be stipulated under the credit policy of the Society.

13. RECEIPTING OF FUNDS

Members shall be provided with a receipt by the Society, which shall serve as confirmation of each and every transaction processed between the member and the Society.

14. STATUTORY RESERVE FUND

- i The Society shall maintain a statutory Reserve fund in pursuance of the provisions of the applicable law. The Reserve shall be credited with at least 20% of the net surplus of each financial year. Such a fund shall be invested or deposited in a manner as prescribed in the Act.
- ii No withdrawal shall be made from the reserve fund without the consent in writing of the Commissioner and such withdrawals shall be made good from net available surplus resulting from operations of the society during subsequent financial years.
- iii The reserve fund shall be indivisible, and no member shall claim a specific share of it.
- iv The reserve fund shall be kept in a separate account to be known as reserve fund account.
- v The Society shall cause an annual audit for the reserve fund.

15. MEETINGS

15.1 ANNUAL GENERAL MEETINGS

The Supreme Authority shall be vested in the General meeting of the Society. The Annual General meeting shall be held within Four months of the close of society's year and within four weeks of receiving the registered final accounts from Commissioner.



15.1.1 DUTIES OF THE ANNUAL GENERAL MEETING

The General meeting of the Society shall be conducted and shall have the power and duties as prescribed in the Rules and By-laws to: -

- i Consider and confirm the Minutes of the last Annual General meeting and of any other intervening Special General meetings (SGM).
- ii Consider the auditor's report on accounts and balance sheet; the inspection reports of Commissioner and the reports of the Board on the business of the society during the past financial year.
- iii Appoint the auditors for the ensuing financial year.
- iv Subject to these By-laws, decide the disposal of the net surplus resulting from the operation of the society during the past financial year.
- v Ratify Action taken by the Board and give direction to the Board where necessary.
- vi Consider appeals against the suspension of members and refusal of membership by the Board.
- vii Elect, suspend or remove members of the Board.
- viii Fix the maximum borrowing powers / liability which the society may incur in loans and deposits, whether from members or Non-members.
- ix Approve the income and expenditure estimates /budget for the ensuing financial year following the Annual General meeting.
- x Approve the honorarium, if any, for current and retiring Officers of the society.
- xi To fix or to renew the indemnity amount required for each elected official.
- xii Transact any other business for which notice has been given in the manner prescribed in these By-laws.

15.2 SPECIAL GENERAL MEETING

A Special General meeting shall be held;

- i When convened by the Board or the Commissioner in accordance with the provisions of the Act and Rules.
- ii Within 15 days of receipt of a written demand from at least 50% of the active members stating the objects and reasons of calling the meetings.
- iii If the Board fails to convene a meeting within 15 days of receiving the notice under sub-section (b)(ii) above, the members demanding the meeting may themselves convene the meeting by giving notice to other members of the society, stating the objects and reasons for the meeting and the fact that the Board has failed to convene the meeting.



15.3 QUORUM

- i Except when convened by the Commissioner, the presence of at least a $\frac{1}{4}$ (quarter) of the active members of Society or 20 (Twenty) members whichever is less, shall constitute a quorum for the conduct of business at a General meeting.
- ii When quorum is not attained within two hours from the time appointed for commencement of the meeting, the Chairman shall adjourn the meeting and shall fix a date within one month of the adjourned meeting, which shall be duly advertised.
- iii If at such subsequent meeting a quorum is again not present the Chairman shall declare the meeting open and proceed with the business of the meeting with those present, at least half an hour after the advertised starting time of the meeting.
- iv For the purposes of paragraph 15.3 (iii), active members are considered those who have consistently made their contributions within the last 3 months and have the minimum share capital fully paid up.

15.4 MINUTES

- i All business discussed at a General meeting shall be recorded in a Minute e- book which, within one week of the meeting shall be signed by the Chairman of the meeting and at least one other Board or Committee member who was present at the meeting, to verify that in their opinion the Minutes are true and complete record of all matters after approving any alterations or variation which shall be written immediately below the above signatures and not as alterations to the original records.
- ii The members shall by resolution in the subsequent meeting authorize the Chairman to sign and date the final record.

15.5 RESOLUTIONS

- i Every member present at the General meeting shall have only one vote on any resolution put to vote. Ordinary resolution shall be decided by simple majority vote. However, special resolution shall be passed by minimum of two thirds ($\frac{2}{3}$) of the members present and voting at a General meeting.
- ii The Chairman of the General meeting shall declare whether a resolution put to vote has been carried or lost and shall cause an entry to that effect to be made in the e-Minute book of the society and such entry when signed by him shall be conclusive evidence of the resolution put to vote.



- iii In the event of votes on any resolution being equal, it shall be deferred to the next General meeting at which it will be put to vote again to members present at such meeting.
- iv The Chairman of a meeting shall not have a casting vote but just a deliberative vote.

16. THE BOARD

- i The Board shall be elected by and from the membership of the society and shall consist of a minimum of five and a maximum of nine members.
- ii The Board shall include the Chairman, Vice-Chairman, Treasurer and Secretary, all of whom will be elected by the Board from amongst the members of the Board.

16.1 ELIGIBILITY INTO THE BOARD.

No member shall be eligible to be elected into the Board: -

- i Unless he has been a member of the society for at least the immediate 6 months preceding the Annual General meeting and is a member in good standing
- ii If he is currently delinquent in his loans for 30 days or more on his loan within the six months period prior to the elections or has any non-performing debt to the society at the end of the society's financial year.
- iii If he is not current with the required contributions to the Society.
- iv If he does not meet the required minimum qualification standards as established by the society from time to time.
- v If he has a record of lending money on his own account or acts in any other manner which is detrimental to the well-being of the society.
- vi If he is below twenty-one years of age.
- vii If he receives any remuneration, salary or other payments from the society save in accordance with the Act.
- viii If he is un-discharged bankrupt or is certified to be of unsound mind under the Mental Health Act Cap 248 of the Laws of Kenya.
- ix If the Commissioner or his representative in an inquiry report had adversely named him and the report adapted by the General Meeting.
- x If he has been convicted of any offence involving dishonesty or has been imprisoned for three months or more.
- xi If he has been convicted of any offence under the Act, and Rules made there under.
- xii If he is not able to read, write and understand English language and has no working knowledge of Kiswahili.
- xiii If he serves in the Board of two other co-operative societies.
- xiv If he runs a business which is in competition with the society.
- xv Has not, within 30 (thirty) days of being appointed, declared his wealth to the Commissioner in the prescribed manner.



- xvi If he is not, within 14(fourteen) days of being appointed, filed an indemnity in the format prescribed in co-operative societies rules
- xvii Is a person whom any amount of money is due under a decree or order or is pending recovery under the Act.

2.) Without prejudice to the foregoing, the Board may set up an adhoc nomination Committee tasked with stipulating the minimum threshold for qualification to contest for elections, the relevant clearance documents, reports or declarations as well as a matrix of skills and competencies to guide the succession process and vetting of candidates against the criteria provided.

16.2 DUTIES OF THE BOARD

The Board shall be the governing Authority and subject to any directions from the General Meeting and the By-laws of the Society, it shall direct the affairs of the Society. In particular it shall:

- i Observe in all its activities the Act, the Rules and these By-laws and undertake prudent business practices in the management of the society.
- ii Authorize borrowing and lending operations of the Society in accordance with the Act and the Rules.
- iii Act upon all applications for membership.
- iv Ensure that true and accurate records and accounts are kept of the Society's money, properties, capital, Reserves, liabilities and income and expenditure.
- v Lay before the Annual General Meeting a balance sheet and final accounts, together with proposals for the disposal of the surplus if any.
- vi Recommend to the Annual General Meeting the rate of Dividend, interest on savings or Honorarium to be paid to the Board, the Committees and the staff.
- vii Fill the vacancies occurring in the Board and other committees between Annual General Meetings.
- viii Designate a depository for the funds of the Society.
- ix Impose fines under these By-laws.
- x Issue new Shares and approve transfer of Shares between members.
- xi Determine the interest rates that shall be paid on Loans and savings.
- xii Appoint, suspend or dismiss any employee of the Society and supervise their work subject to the requirements and provisions of the Act.
- xiii Regulate matters regarding investment
- xiv Apply on the instruction of the General Meeting for affiliation to a Co-operative Union or National Co-operative Organization and take necessary Action to become affiliated.
- xv Consider application for loans, suggestions for investment and act in accordance with the By-laws.
- xvi Elect delegate(s) to represent the society in Co-operative Union, National Co-operative Organization or in other apex Societies, to which the Society is a member.



- xvii To represent or cause to represent the Society in all legal matters.
- xviii Develop policies for the effective running of the Society.
- xix Perform such other duties as the members may from time to time direct.

16.3 EXECUTIVE OFFICERS

The Chairperson, Vice-Chairperson, Treasurer and Secretary shall be termed "Executive Officers". The Executive Officers shall be elected either on the day of the General Meeting or at the Board meeting held within seven (7) days after the General Meeting in accordance with these By-laws.

16.3.1 CHAIRPERSON / VICE-CHAIRPERSON

The power and duty of the chairperson shall be to:

- i Convene all the meetings of the society.
- ii Prepare or cause to be prepared the agenda of the meetings.
- iii Chair the meetings and control the business to be transacted at such meetings
- iv Direct the affairs of the Society in conjunction with other elected officials.
- v Enforce all rules made by the Board and General meetings.
- vi In the absence of the chairman, the vice chairman shall perform the duties of the chairman
- vii In absence of both the chairman and his vice, the meeting shall appoint one of the members to chair the day's meeting.

16.3.2 TREASURER

The duties of the Treasurer shall include: -

- i Generally, to manage or cause to be managed the financial affairs of the Society in a competent manner.
- ii To maintain full and complete records of all monies received and disbursed by the Society and of all assets and liabilities of the society.
- iii To ensure the safe keeping of the society's money and security of all accountable documents and books of account.
- iv To ensure that all payments and expenditures are fully authorized and enforce all Rules regarding good financial management and practices as ordered by the Board.
- v To ensure compliance with all directives of the Board and the commissioner.
- vi Within 15 days after the close of each month, the treasurer shall prepare and submit to the Board a financial statement showing the condition of the society at the end of each month. He shall prepare and forward to the commissioner such financial reports as the commissioner may require.



16.3.5. SECRETARY

The duties of the Secretary shall be: -

- i To record Minutes of the Board and the General Meetings
- ii To ensure that the Society's correspondence is promptly and correctly attended to.
- iii To prepare and send notices of meetings in consultation with the chairman.
- iv Generally to manage and cause to be managed the affairs of the Society as may be necessary in consultation with the executive officers.

16.4 TENURE OF OFFICE

The tenure of office of the Board shall be three years with the Chair and Vice Chair and the Credit committee chair retiring in the third year, the treasurer and one other member in the second year and secretary and one other member in first year.

16.5 COMMITTEE MEETINGS

- i The Board meetings shall be held at least once every month and at other times when necessary. A simple majority shall form a quorum for disposal of business.
- ii If during its term of office, a vacancy occurs in the Board, the Board shall, if the number of members drops to below five, co-opt any member to fill such vacancy. Such co-opted member shall serve in the Board until the next General meeting at which the position shall be duly filled.

16.6 REMOVAL OF A MEMBER THE BOARD

- i If a Special General Meeting removes from office the Board member, it shall forthwith elect another qualified member of the society to fill the vacancy.
- ii Such an elected member of the Board shall assume and hold office until the next Annual General meeting at which the position shall be duly filled. A member of the Board shall only be removed from office through a special resolution.
- iii Where a member of the Board fails to attend three consecutive meetings without any reasonable apology or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided for in these By-laws.
- iv Failure to contribute his/her savings for a period of three (3) consistent months or failure to make contributions at least 6 times in a year.
- v If a member voluntarily exists from membership of the Society.



16.8 ELECTION PROCEDURES

- i All elections shall be either by a secret ballot or affirmation as shall be decided by the membership.
- ii No member shall be entitled to vote by proxy, but a member can be elected if preferred by a majority of members in absentia.
- iii Irrespective of the number of Shares held, no member shall have more than one vote. The presiding officer shall announce the election results immediately.
- iv Within 7 days of these elections, the Secretary shall forward the names and addresses of all persons elected to office to the Commissioner.
- v The Board shall cause an Election Rules & Procedures Policy to be developed to guide the elections process of the Society.

16.9 INDEMNITY

In the conduct of the affairs of the society, members of the Board and the manager shall exercise prudence and diligence in the course of business and they may be held jointly and severally responsible for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, Rules and By-Laws or the directions of the general meeting.

In this regard: -

- i Every member of the Board and supervisory committee member shall, in pursuance to the Act, file an indemnity in form V set out in the schedule to the Rules whose amount shall be determined by the general meeting and which shall be lodged with the commissioner within 14 days of his election to the Board or Committee.
- ii A member of the Board who fails to comply with the requirement of this By-Law shall automatically cease to be a member of the Board.
- iii The Board may decide the amount and kind of surety bond, or other security, which shall be required of the officers having the custody or handling funds or properties of the society.
- iv The Board may develop a policy governing indemnity.

16.10 DELEGATION

The Board may delegate in writing to an officer or an agent of the society such of its duties as it deems necessary, but this delegation shall not absolve the Board from its responsibility of running the society in a proper and businesslike manner.



16.11 LEGAL STANDARD OF CARE

In the conduct of the affairs of the Society the Board shall at all times exercise the prudence and diligence of ordinary men of business and shall be held jointly and severally liable for any losses sustained through any of their Acts which are contrary to the Act, Rules and these By-laws or the directions of the General Meeting.

16.12 RECORDS OF BUSINESS

- i All business discussed or decided at the Board meetings shall be recorded in a Minutes e-Book which within one week of the meeting shall be signed by the Chairman of the meeting, and at least one other member of the Board present at the meeting to verify that matters discussed are a true and complete record of the proceedings.
- ii At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures and not as alterations to the original records, the meeting shall authorize the Chairman to sign and date the final record.

16.13 AUTHORIZATION OF EXPENDITURE

- i For each financial year, the Board shall cause to be prepared estimates of the Society's income and expenditure including recurrent and capital estimates for approval by the general meeting at least three months before the end of the preceding year.
- ii The Board shall authorize no expenditure unless provided for in the Budget as approved by the Society.

17. CONFIDENTIALITY OATH

- i The Board, members of the Supervisory Committee and employees of the Society, shall hold in the strictest confidence all the transactions with its members, and all information in respect of member's personal affairs, except to the extent deemed necessary by the Board in connection with the making of loans and the collections thereof.
- ii In cases of breach of confidentiality, besides the resulting action for damages, the offending party shall be removed from the office or their employment terminated.
- iii On being elected as a new member of the Board or member of the Supervisory Committee, such a member shall sign an oath of secrecy form in compliance with this section.
- iv The disqualification, of any such member of the Board, members of the Supervisory Committee shall have no effect on the business of the Board in as far as there remains quorum.



18. COMMITTEES

- i The Board shall appoint other committees such as the Education committee, Credit committee, Investment committee for the efficiency of its work.
- ii The Board shall appoint the members of adhoc committees such as the nomination Committee and such other adhoc committee as shall be necessary for the running of the Society.
- iii Members in such committees shall be drawn from the Board and no Executive officer shall be elected into the Credit Committee.

18.1 CREDIT COMMITTEE

- i The Credit Committee shall consist of three members who shall be members of the Board but none of whom shall be an Executive Officer.
- ii The Board shall appoint the Credit Committee within 7 days after each General Meeting.

18.1.1 MEETINGS OF THE CREDIT COMMITTEE

- i The Credit Committee shall hold such meetings as the business of the society may require, but not less frequently than once a month.
- ii The Credit Committee shall keep permanent e-Minutes of its meetings.

18.1.2 DUTIES OF THE CREDIT COMMITTEE

- i The Credit Committee shall inquire carefully and diligently into the character and financial conditions of each applicant for a loan, and his guarantors, if any to ascertain his ability to repay fully and promptly the obligations incurred by him.
- ii The Credit Committee must prepare a report indicating clearly their recommendations, resolutions or any action taken by them to the Board for reporting purposes.
- iii The Credit Committee shall make such reports to the Board as they may require and prepare a report to be incorporated in the Chairman's report for presentation to the Annual General Meeting.
- iv The Credit Committee shall keep a permanent record of borrowers in form of a Loan e-Register indicating the loan amount, repayment period and rate of interest.
- v The Credit Committee shall cause a Credit Policy to be developed for the better carrying out of its mandate.



18.2 THE EDUCATION COMMITTEE

- i The Education Committee shall consist of not more than three members of the Board.
- ii Members of the Board shall appoint the Education Committee members within seven (7) days after the Annual General Meeting.

18.2.1 MEETINGS OF THE EDUCATION COMMITTEE.

The Education Committee shall hold such meetings as the business of the society may require but in either event not less than 3 times a year. The Education Committee shall keep permanent e-Minutes of its meetings.

18.2.2 DUTIES OF THE EDUCATION COMMITTEE

- i The Education Committee shall be charged with the responsibility of formulating education policies and coordinating all education programmes for the society members and staff on behalf of the Board.
- ii Organize, facilitate and promote members' and committee members' education on co-operative matters;
- iii Organize, promote and oversee Society's staff training.
- iv Ensure production and acquisition of literature including periodicals, magazines, or brochures for use by members of the Board, staff and general membership.
- v Promote distribution and interpretation of Society's By-Laws to members.
- vi Arrange for educational tours for the Society in liaison with other members of the Board.
- vii Advise the Board and update members on co-operative matters.
- viii Ensure allocation of funds for educational purposes and apply the funds for the benefit of the Society.
- ix Prepare periodic reports on educational and information on co-operative matters and publicize the same for the benefit of members.
- x Identify, collect, disseminate and publish co-operative news for the benefit of the Society;



- xii The Education Committee shall make such reports and present Minutes of their meetings to the Board for adoption and make a report for incorporation into the Chairman's report to the members at the Annual General Meeting.
- xiii Any other duties as may be assigned by the Society.

18.3 THE INVESTMENT COMMITTEE

18.3.1 MEMBERSHIP

The Investment Committee shall comprise of not more than four members appointed by the Board (7) days after the Annual General Meeting.

18.3.2 MEETINGS OF THE INVESTMENT COMMITTEE

The Education Committee shall hold such meetings as the business of the society may require but in either event not less than 3 times a year. The Investment Committee shall keep permanent e-Minutes of its meetings.

18.3.3 DUTIES OF THE INVESTMENT COMMITTEE.

- i To be the think tank of the society on projects the membership can invest in.
- ii Considering proposals from the members of the society on projects the Society can invest in.
- iii Formulating the Investment Policy;
- iv Appointing such number of members to the Advisory Board as it deems necessary to provide relevant technical input, including: project management, legal and general advisory services to the eligible person in relation to a project financed with funds from the Society.
- vi The Investment Committee shall make such reports and present Minutes of their meetings to the Board for adoption and make a report for incorporation into the Chairman's report to the members at the Annual General Meeting.
- vii Any other duty as may be assigned by the Society.



19. APPOINTMENT AND RESPONSIBILITIES OF THE GENERAL MANAGER AND OTHER OFFICERS.

The Society may appoint any qualified person to be Manager. His powers and duties shall be as assigned to him by the Board and shall in particular be: -

- i To manage the affairs of the society in a competent manner in consultations with the executive officers.
 - ii To keep or cause.
 - iii To be kept proper books of records and Registers.
 - iv To attend The Board meetings and General meetings in an advisory capacity but have no voting rights.
 - v To prepare and analyze on a quarterly basis the society's business plan and budget, in comparison with Actual performance.
 - vi To represent the society in business transactions and any other transactions as authorized by the Board.
 - vii To provide all information required by the Supervisory Committee in time.
 - viii To propose to the Board, new position arising at the society, and the revision of the salary schedule for all the society's staff.
 - ix To implement recommendations set forth in the audit report and those recommended by the Supervisory Committee.
 - x To produce monthly trial balances and ensure on a monthly basis the accounting records are in balances and the individual accounts subsidence are up to date, and the income and expenditure statement, balance sheet, and delinquency lists are complete and correct. Ensure that books of accounts are maintained in accordance with the internationally accepted accounting principles and standards.
 - xi To assist the Board in determining acceptable collateral that can be used to secure loans.
 - xii To ensure there is adequate liquidity to meet demands.
 - xiii To maintain and provide safe custody of society's e-books, accounts, e-registers, certificates, society seal, cheque-books and other accountable documents.
 - xiv To counter sign society's cheques, contracts and other documents.
2. The Board may appoint one or more deputy managers. If appointed, the deputy manager shall, in the absence of the manager or in case of vacancy in the office of the manager, perform the duties of the manager and such other duties as from time to time be prescribed by the Board.
 3. The Board may hire and discharge the employees of the Society in accordance with terms and conditions of service approved by the commissioner.



20. THE SUPERVISORY COMMITTEE

20.1 RESPONSIBILITIES

- i Without interfering in the administrative functions subject to its control and supervision, the Supervisory Committee is responsible for Society's compliance and internal control oversight.
- ii It is responsible for the truth and accuracy of the society financial conditions and should ensure procedures are adequate to safeguard the members and the institutions rights and interests.
- iii This committee shall consist of three members who are not employed by the society or serve on The Board.

20.2 ELECTION OF SUPERVISORY COMMITTEE

- i The exercise shall be undertaken as per by-law 16.8
- ii In addition to all qualifications for eligibility of the Board under By-law 16.1, the supervisory committee members shall be expected to have at least basic accounting knowledge.
- iii The terms of the office of the committee shall be three years with one member retiring annually but being eligible for re-election.
- iv Further to 20.2 (iii) above, the Chair shall retire in the third year, the Secretary in the second year and the member in the first year.

20.3 SUPERVISORY COMMITTEE POWERS AND DUTIES.

The following are the powers and duties of the Supervisory Committee: -

- i To ensure that the management of the society complies with the Act, Rules, and the General Meetings' resolutions.
- ii To make or cause to be made at least once every three months, an investigation into the affairs of the society, including an audit of its books.
- iii To present their Annual report to the Board before final presentation to the members at the Annual General meeting for adoption and give a quarterly report and make recommendations at each regularly scheduled the Board meetings detailing the Activities undertaken by the Committee since the last meeting.



- iv To perform the various internal audits, to evaluate internal operation and controls (policies and procedures) at least once every three months and make procedural recommendations regarding the internal controls. These recommendations will be submitted in writing to the Board on a quarterly basis.
- v At the Annual General meeting, give its opinion on the financial statements presented by the Board.
- vi To receive and investigate any complaint or appeal by members concerning the operations of the society.
- vii To ensure trial balances and financial statements, which the treasurer and the Manager are required to prepare by the end of the month are ready and presented to the Committee members as required.
- viii The Supervisory Committee shall from time to time and not less frequently than once every year cause the statements of accounts of all members to be compared with the records of the Treasurer and confirmed to the members. The Committee shall maintain a record of all such verifications.
- ix The Secretary of the Supervisory Committee shall prepare and have custody of the records of all Actions taken, including evidence of any audits performed by the Committee.
- x If need be, the committee shall submit its reports to the commissioner.

20.4 LIABILITY OF SUPERVISORY COMMITTEE.

In spite of its total independence from the society's administrations, the Supervisory Committee members are jointly liable with the administration for non-performance of duties, whether resulting from the lack of supervision or negligence in noticing illegal and fraudulent acts in accordance with By-Law 16.9

21. BOOKS OF ACCOUNTS

- i The society shall keep up-to-date and in a proper business- like manner such accounts and such e-books and e-records as the Commissioner may prescribe from time to time.
- ii The following books and records shall be kept by the Society: -
 - a) An e-Register of members showing in respect of each member,
 - b) The name, age, date of joining the society as member, address and occupation.
 - a. The date on which he ceased to be a member.
 - b. The name(s) of his nominee(s)
- iii An e-Minute file giving details of proceedings of the Board, Supervisory Committee and Committee meetings and Adhoc Committee;
- iv An e-Minute file giving details of proceedings at General meetings.
- v An e-cashbook showing the details of all monies received and all monies expended or paid out by the Society.



- vi An e-Ledger containing such accounts as is necessary to properly record the business of the Society.
- vii A personal e-ledger for each member showing his transactions with the society.
- viii An Assets (property) e-register.
- ix An e-Register of loans to members in respect of each loan advanced; the loan number, name of borrower, the amount borrowed, the purpose of the loan, the due date of repayments and the date repayments were made.
- x A guarantor's control e-Register showing the guarantor's name, members account number, borrower's name, amount of loan guaranteed, date granted, loan interest rate and collateral required, date repayments commence and end.
- xi An e- ledger showing deposits and withdraws by members.
- xiii Such other e-books /e-records as the committee may decide or the Commissioner may prescribe.

22. ANNUAL ACCOUNTS

- i It shall be the duty of the Board to cause the Society's accounts to be audited at least once every financial year. The audited accounts shall be, after submission to the Commissioner for registration, presented for adoption at a General meeting.
- ii The person to audit the accounts shall be appointed at a General meeting from a list of auditors approved by the Commissioner.
- iii In case of failure by the Board to cause the Society's accounts to be audited within 3 Months after the end of financial year, they shall automatically lose their positions at the next General Meeting and shall not be eligible for re-election for three years unless the Commissioner is satisfied the failure was due to circumstances beyond their control.
- iv Where an auditor is not appointed at an annual General Meeting, the Commissioner may appoint a person to fill the vacancy and the remuneration of the person appointed shall be borne by the society.
- v The Board shall cause its audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of the accounts to its members at the general meeting. Alternatively, the accounts shall be sent to all the members through their last known email addresses.

23. INSPECTION OF BOOKS OF ACCOUNTS

All books of accounts and other records shall at all times be available for inspection to all members of the Board, the Commissioner or his representative. A copy of the Co-operative Societies, Act, the Rules, the By-laws, the Registration Certificate and members e-Register shall be available for inspection by any member of the society during the normal working hours.



24. CONDUCT OF BUSINESS.

- i The Board shall formulate policies and circulars and memorandum consistent to the law and these by-laws for the efficient running of the Society which shall be binding on the members of the Society. The Board shall develop policies including but not limited to the following;
- a) Credit Policy.
 - b) Membership policy.
 - c) Risk Management Policy.
 - d) Education policy.
 - e) Investment Policy.
 - f) Human Resources Policy - HR Manual.
 - g) ICT Policy.
 - h) Social Media Policy.
 - i) The Board Charter
 - j) Election Rules.
 - k) Savings Policy.
 - l) Liquidity Policy.
 - m) Dividend Policy.
 - n) Welfare policy.
 - o) Records Retention and Disposal Policy
 - p) Code of Conduct and Ethics for the Executive officers, members of the Committees and the employees of the Sacco.
 - q) Sacco Strategic Plan.
 - r) Annual Plan.
- ii It shall be the responsibility of the Board to sensitize and create awareness of the provisions of the policies to the members of the Society.

25. AUTHORIZATION TO SIGN DOCUMENTS

- i Any two holders of the executive office shall sign all documents contracts and cheques on behalf of the society (one of whom shall either be the chairman or the treasurer).
- ii The manager shall counter sign all the documents, contracts and cheques.
- iii Incase the society has no manager any three executive officers shall suffice.



26. FINANCIAL YEAR

The financial year of the society shall be from 1st January to 31st December of every year subject to the applicable law.

27. DISPOSAL OF SURPLUS

Subject to the Act, the net gain or surplus resulting from the operations of the society during any one financial year, shall be disposed as follows: -

- i Shall be credited to the statutory Reserve Fund.
- ii Paying of dividend on share capital at a rate recommended by the Board and approved by General Meeting on fully paid up Shares.
- iii Paying of interest on savings to members in proportion of value of savings or business done by them through the society.
- iv Reinvested in the Activities of the society.
- v Contributed to any charitable or educational purpose.
- vi Paying honorarium to both the Board and Supervisory Committee members of the society who were in office during the year of surplus as the General Meeting may direct.
- vii Appropriation to any fund established by the society.

28. LOANS TO MEMBERS

All loans shall be approved by the Credit Committee.

- i The Board shall fix the rate of interest on loans. All loans shall be applied for on forms as shall be provided by the Board.
- ii The loan application shall be signed by the member and in each case shall set forth the amount applied for, the purpose for which the loan is desired, the terms of repayment, the collateral if any, and such other information as the Board may require.
- iii The Board may require a member to sign a chattels instrument in a prescribed form if the loan applied for requires further security other than the members' savings, guarantors and Shares.
- iv Such decision shall be made by a simple majority of the Credit Committee and a report of the same shall be tabled to the Board for information purposes. All applications for loans and the reports of the Board thereon, shall be filed as permanent record of the society.
- v The Credit Committee in the order in which each application is made unless the loan request is an "Emergency" shall consider loan applications.



- vi The Credit Committee may in some circumstances require an applicant to appear before it personally to be interviewed in respect of his application for a loan.
- vii Any applicant whose loan is not approved by the Credit Committee may appeal in writing to the Board, and the Board shall affirm, reverse or modify the denial within fourteen (14) days after the written appeal is filed.
- viii The loan repayment form shall clearly state the amount of loan, the rate of the interest, the terms of repayments, and the security, if any.
- ix No loan shall be made to any member neither in excess of the society's maximum limit nor for a period exceeding the one contained in the loan policy.
- x Loans may be granted to executive Officers and Committee members of the Society provided that:
 - a) The loan complies with the By-laws and is not on terms more favorable than those extended to other borrowers.
 - b) The loan is recommended by the Credit Committee and thereafter approved by the Board.
 - c) The applicant takes no part in the consideration of his application and does not attend the Credit or the Board meetings at which his application is being considered.
- xi The society shall prepare a loan policy to act as a guide in loan issuing. This policy shall be regularly updated and approved by the Board.

29. SECURITY FOR LOAN

- i The Credit Committee shall ask for such security for loan, as it may consider necessary. The following shall be the different forms of security acceptable by the Credit Committee but may be subject to change in the terms provided for in the Credit Policy of the Society.;
- a.) **Guarantors.** These should be members of the society. The loan applicant's savings plus guarantor(s) savings should equate to the loan applied for the loan to be sufficiently secured or;
- b.) **Chattels Mortgage** in a manner to be determined by the Society's Credit policy.
- c.) **Immovable property** i.e Land in a manner to be determined by the Society's Credit policy.
- d.) **Asset finance.** -A member may identify property he intends to acquire. The Society shall then finance the purchase of the property and the property in this case shall act as security.



- ii The Credit Committee shall ensure that there is a credit policy in place governing the steps that the Committee shall take in the event that the member is delinquent in repayment of the loan.

30. DIVIDENDS

- i The Board shall establish the dividend period, rate and mode of payment in accordance with the applicable law.
- ii The Board may classify share and saving accounts and may declare Dividends/Interest at variable rates for each type of account. Dividends due to a member shall be credited to the member's account at the option of the Board and subject to approval by the General Meeting.
- iii All honorariums payable to the members of the Board will be approved by the AGM. The rates of honorarium shall be reviewed from time to time by the General Meeting to reflect the operational rate.

31. REPAYMENTS OF LOANS.

- i A borrower may on any day, repay his loan in whole or in part prior to maturity in accordance to the credit policy.
- ii A request for an extension of time in which to pay and any fees or conditions thereto shall be approved by the Credit Committee in the most exceptional circumstances. Any extension so granted shall be executed and signed. In the event the loan is secured by guarantors their approval shall be mandatory.
- iii At every regular meeting of the Board, the item "LOANS" shall appear on the agenda. At the meeting, the Treasurer shall present a list of delinquent loans showing: -
 - a) Name of borrower
 - b) Account Number
 - c) Date of loan granting
 - d) Date of last payment
 - e) Unpaid balance of loan and loan accrued thereto.
 - f) Number of month's delinquent
 - g) Borrower's contribution balance.
 - h) Security, guarantors.



32. FOSA (FRONT OFFICE SERVICES ACTIVITY)

- i The society may establish a FOSA. This shall be undertaken subject to the approval of General Meeting and the commissioner.
- ii The object of the FOSA shall be: -
 - a) To provide savings accounts both to members and non – members.
 - b) To advance loans
 - c) To assist in loans and dividends/ interest processing.
 - d) To undertake Bank cheques/ drafts purchasing on behalf of members.
 - e) To provide safe custody facilities.
 - f) To process salaries and any other payments to members and non- members.
 - g) To provide any other service which shall be deemed useful to the well-being of the society.
- iii Ownership of FOSA shall be through subscription of shares by members of the Society the minimum that shall be fixed by the General Meeting.
- iv The FOSA activity shall be a distinct accounting unit with its income and expenditure account. Any surplus/ deficit shall be distributed to the members in reference to their share holding.
- v There may be a FOSA Committee whose responsibility shall be to manage the affairs of the FOSA. This committee shall consist of three members who shall elect a Chairman and a secretary among them.
- vi Notwithstanding the provision of (f) above, the Board shall have the power to delegate some or all duties of FOSA Committee to the manager.
When established, the FOSA shall: -
 - i) Maintain a liquidity at 10% of savings
 - ii) Maintain a minimum capital adequacy and reserves at 10% of its total liabilities
 - iii) Maintain such other prudential standards as may be directed by the commissioner in writing from time to time.
 - iv) Make provisions for bad and doubtful debts before surplus is declared.
 - v) Ensure that provision for bad and doubtful debts complies with such guidelines as may be prescribed by the commissioner.

The commissioner on his own accord or under a directive from the minister shall cause a FOSA to be inspected by any person authorized by him in writing.



33. INFORMATION TECHNOLOGY IN THE OPERATIONS OF THE SACCO

- i The Society may harness the use of technology in its operations.
- ii The following shall be the functions of the Society that the Board may embrace the use of technology in its performance;
 - a) The application of membership to the Society.
 - b) The application, processing, disbursement of loans.
 - c) The use of Artificial intelligence for Credit scoring.
 - d) The approval of the loan applications by the Credit Committee
 - e) The Storage and display of records of the Society.
 - f) The conduct of meetings of the Board and Committees.
 - g) During elections the Society may embrace e-balloting subject to its' approval.
 - h) Communication between the Board and the members of the Society.
 - i) And any other use as the Board may consider and deem fit from time to time.
- iii The Board shall formulate an ICT policy for the regulation of the use of technology in its operations.
- iv It is the responsibility of the Board to ensure the security of the data of its members is protected and to that end shall formulate a privacy and data protection policy.

34. FINES

For each breach of these By-laws or of instructions issued by the Board, in pursuance of General meeting resolutions the defaulting member may be fined an amount not exceeding Kshs. 20,000/= for each offence.

35. DISPUTES

- i Any disputes arising out of these By-laws or concerning the business of the society that cannot be settled amicably by the Board or General Meeting shall be referred to the Tribunal.
- ii For the purpose of this By-Law, a debt owed by a member to the society or vice-versa, shall be regarded as a dispute.

36. MISCELLANEOUS

- i No Officers or members shall receive from the society any payment except the Actual costs of traveling and subsistence while working on the society's business except an honorarium from surplus as allowed these by-laws unless a member is appointed in writing as a paid servant of the society.
- ii This does not apply in case of sitting allowance payable to Board or committee members.



37. CONFLICT OF INTEREST

- i No member of the Board, committee member or employee of the society shall in any manner participate in deliberations upon or determinations of any issues affecting his personal interest.
- ii The Board member, committee member or employee shall physically absent himself from the discussion, unless it is determined that the individual has relevant information to provide.
- iii Failure to declare interest shall result in removal from office or termination of employment. The Secretary shall ensure that at all times there is maintained a conflict of interest register.

38. SEAL

- i The Society shall retain a Common seal.
- ii The seal shall be kept securely under lock and key by the Secretary who shall bear sole responsibility for its usage.

39. DISSOLUTION

The Society may be dissolved in accordance with the procedures set forth in the Co-operative Societies Act.

40. AMENDMENT OF THE BY – LAWS.

- i These By-laws shall be amended in accordance with the Act and the Rules, but no amendment shall become effective until it is approved and Registered by the Commissioner.
- ii A copy of Societies by laws shall be furnished to every member upon payment of a fee as will be determined by the Board.

41. ACCEPTANCE.

We, the undersigned Executive Officers of the Co-operative society named herein do hereby accept and adopt these By-laws for and on behalf of **Mombo Savings and credit co-operative Society Ltd** together with any changes or alterations that have been initialed or signed by us.



	Name	Sign
Chairperson	Peter Mcharo	
Vice Chairperson	Joyce Ndung'u	
Secretary	James Makori	
Treasurer	Modesta Anyango	

CERTIFIED that the foregoing by-laws of the Mombo Savings And Credit Co-operative Society Limited have been approved by me and duly registered.

Amended under my hand at Nairobi on thisday of2018

COMMISSIONER FOR COOPERATIVE DEVELOPMENT.



MOMBO

Sacco

Endless possibilities

